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IN THE MATTER OF The Public Inquiries Act being Chapter 258 of the Revised Statutes of Alberta, 1955; and

IN THE MATTER OF an Inquiry into the administration, management and financial affairs of the Lethbridge Central Feeder's Association Limited, and the general operation in respect to the participation of the members therein.

P R O C E E D I N G S

at a Hearing held before

HIS HONOUR JUDGE L. SHERMAN TURCOTTE

VOLUME IV

DATE December 17 & 18, 1964

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PROCEEDINGS TAKEN December 17, 1964.

MR. WEIR: Your Honour have you any specific preferance, I was going to call Mr. French as the first witness.

THE COURT: That's fine.

MR. WEIR: Mr. French.

CHARLES EDGAR FRENCH, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q What is your name?

A My name is Charles Edgar French.

Q And what is your occupation?

A I am a livestock dealer, cattle buyer, order buyer.

Q Mr. French, what was your connection with the Lethbridge Central Feeders Association?

A I was in their employ, I was looking after the wholly owned subsidiary, Central Livestock Marketing Limited.

Q Would you tell us just briefly the connection between that marketing agency and the Lethbridge Central Feeders?

A As I stated, it was a wholly owned subsidiary, owned by Lethbridge Central Feeders Association Limited, and it was used as a marketing agency, and I was also the order buyer for that marketing agency.

Q I see. In other word then all of the cattle, or a good percentage of the cattle would be marketed through this association, I take it?

1984.

Your Honor have you any specific

, I was going to call Mr. Wrenon as the first

: Public Time.

Mr. Wrenon.

CHARLES EDGAR WRENON, being

first duly sworn, examined by Mr. Weir, testified

as follows:

What is your name?

My name is Charles Edgar Wrenon.

And what is your occupation?

I am a livestock dealer, cattle buyer, owner buyer.

Mr. Speck, what was your connection with

, Central Feeders Association?

I was in their employ. I was looking at the

owned subsidiary, Central Livestock Marketing Limited.

Would you tell us just briefly the connection between

, marketing agency and the Lethbridge Central Feedyard

started, it was a wholly owned subsidiary, owned by

Lethbridge Central Feeders Association Limited, and is

based as a

A No.

THE COURT: What cattle?

MR. WEIR: The members' cattle.

THE WITNESS: No, very few of them.

MR. WEIR:

Q Well, exactly what was it used for, then?

A It was, I presume the idea of organizing it was additional income, additional field of marketing the cattle, additional potential to the association.

Q Well, marketing what cattle?

A Just marketing association cattle, and marketing other people's cattle, which brings revenue to a commission firm.

Q Well, I'm quite confident, from what you have told us that you would have a fairly good idea of the costs of feeding cattle, would you not Mr. French? Could you give us a---

THE COURT: I wonder if you would just go on and let me conduct that part of the examination. I want some things, and perhaps I could bring those out, if you will.

MR. WEIR: Fine, Your Honour.

Your Honour, you have some invoices up there, did you wish me to---

THE COURT: Yes. Just put the whole file in after he has identified it.

MR. WEIR:

Q Do you recognize these documents, Mr. French?

THE COURT: Just take them and look at them Mr. French.

Q I'd suggest, Mr. French, that they covered the cattle coming in from the Knight ranch, and the Cochrane ranch, the steers, the calves, in the fall of 1963, and that the other documents cover what happened to the cattle, and these calves, the sales to the East, the sales to Paxman, and the sales to the Holding Pens.

A Yes. These are headed, Central Livestock Marketing, which are invoices, and here is one, two settlement vouchers of Central Livestock Marketing Limited, which is the commission firm I was operating, and this shows the, as his Honour has stated there, the settlement to the producer for the calves purchased, and the dispersal of the same.

Q We will have that marked as Exhibit M---what was the last M? Have you got your sheet there? What is the last one?

THE CLERK OF THE COURT: M 8. M9 would be your next one, Your Honour.

THE COURT: Yes, M 9. Have it marked as M 9.

EXHIBIT NO. M 9
A file containing invoices.

THE COURT:

Q Did you buy these cattle?

A I did, Your Honour.

Q All right. Now, would you just tell us, you bought them and you paid what, 150 and 23, about 180,000, something like that?

MR. WEIR: Is this not the total?

THE COURT: That is theKnight total. The first total is 100 and---

MR. WEIR: $156,835.85.

THE WITNESS: Less, you see, there is a deposit.

THE COURT: Yes, but the total price---

THE WITNESS: Total price is $156,000.00, this is off the Knight ranch.

THE COURT:

Q Yes.

A 835---

Q Now, would you look at the Cochrane ranch and see what the figures were?

A The Cochrane ranch, $30,151.51.

Q That is the total, including the advance?

A That includes the advance.

MR. WEIR: Yes.

THE COURT: Yes, all right.

Q Now then---

A However, your Honour, may I state, that there is,part of these calves were exported.

Q Well, that's what I am going to come to.

A And there might be additional testing charges here involved

which I don't have record of.

Q Oh, yes. Well, just in round figures.

A Yes, this is roughly.

Q Yes. Now then, just keeping that in your hand, could you tell us what happened to those cattle?

A Where they---

Q Where they went to?

A Went to?

Q That's right.

A Well, the heifer calves were in, all but a couple of head were sent to Uncle Sam, or were an export---

Q Exported to the United States?

A Yes, exported to the United States.

Q All right.

A There was a small mix up which I don't think usually occurred, but two heifers got into one of the steer loads, which doesn't amount to anything. Now, there was a number of these calves shipped to Ayre, Ontario.

Q That is the steer calves?

A That is the steer calves.

Q To Ontario, yes.

A Yes. According to the invoice, 186 head shipped to Ayre, Ontario, and as I said, the heifer calves were exported.

There was 198 steer calves, and two heifer calves off of the Knight Ranch went to Riverview Ranch.

Q That is the Riverview Ranch, yes. And at what price did those steer calves go to the Riverview?

A At the same price they were purchased, 33.92.

Q 33.92, yes.

A Now, that happens to be the load that the two heifer calves got into and we didn't know it until they arrived, and there was a deal made and the heifers were marked at 24¢. There was an adjustment made.

Q All right.

A Now, to one of our very good feeders went 160 steer calves.

Q That went to---

A Mr. Paxman.

Q And he paid how much?

A 33.92.

Q 33.92, yes. And the last group?

A There was a group of 5---

Q Oh.

A Steer calves, evidently were taken out and sold as Club calves to an individual.

Q That's 4-H---

A 4-H Club calves, to an individual.

Q Yes.

A Five steer calves, and the balance of them, 397 steer calves were invoiced to the Holding Pen.

Q That's 397 steer calves were invoiced to the Holding Pen?

A Yes.

Q At what price?

A 33.92.

Q 33.92, that's fine. Now---

A Now, this is the first cost. I haven't given you any incidentals of trucking, or expenses on these.

Q Was there any discussion with you, Mr. French, in regard to these 397 calves, as to the deal that was made, or where they were to go, or what was to happen to them?

A Nothing concrete.

Q Well, anything, you know where they went to?

A They went down to Mr. Brandley's.

Q All right. And that---

A I understand they were going down there as inventory cattle for the association.

Q In other words, the association, itself, was going to go into the feeding business?

A No. Your Honour, may I state before we go any further, I, in running Central Livestock Marketing, was the sole purchases of these cattle.

Q That's right.

A And after I went---

Q I want to know what you know about where they went to and why they went?

A Yes. Now, to my knowledge, they, the association wanted cattle on hand and they had come to the point where they

Q-92. That's fine. Now --

Now, this is the first cost. I haven't given you any idea of trucking, or expenses on these.

Was there any discussion with you, Mr. French, in regard to these 397 calves, as to the deal was made, or where they were to go, or what was agreed to then?

Nothing concrete.

Well, anything, you know where they went, for

They went down to Mr. Brandley's

All right. And that--

I understand they were going down there as inventory cattle for the association.

In other words, the association, itself, was going to go into the feeding business?

No. Your Honour, may I state before we go any further, I, in running General Livestock Marketing, was the sole purchaser of these cattle.

felt it was good business to have available feeder cattle, and my understanding, I can probably give you a lot more information now, that I know now than what I knew then. Now, if you want me to---

Q Well, what you knew then?

A What I knew then.

Q That's right.

A Well, I didn't know the things that I know now about the deal that they were entered into.

Q You didn't take part in the deal?

A No.

Q You weren't there when it was made?

A I was not.

Q All right.

A I mean, that's why I say, I can tell you a lot more now because I know what it is, but I didn't know then, some of these things, no---

Q Well, what you know---

A And at the time of the invoices, they, they were invoiced to the Holding Pens, they were out of my hands. I knew that they were going down to Mr. Brandley's to be put on feed for the association, and I had the idea that they were to be wintered and summered, and they were potential replacement cattle for members to be put into feed lots, or if they deemed it necessary, they might be a finishing off deal in conjunction with the contract deal with Mr. Brandley, but the details that were entered into at the

time, I had no exact details, or facts concerning them.

Q I see. Now then, was that the, would you say that was the highest price paid for calves that fall?

A No, it wasn't, Your Honour.

Q What was the price paid for calves?

A Some of their calves off the Cochrane Ranch sold for more money than this.

Q Sold for more money?

A It runs in my mind that around four or five hundred of the steer calves sold for 34---this, I can't state for sure, but, so maybe I shouldn't state, but it was 34.10 or 34.15.

Q I see.

A Now, the year before they sold for practically the same money as the other calves sold for, and that's why it runs in my mind.

I sometimes have a lot of junky paper in my pocket, I might have something here. I sometimes carry these prices in my pocket for a few years, but I wouldn't say they are here.

Q Well, did you buy these calves this year?

A The Church ranch calves.

Q Yes.

A I bought some of them.

Q You bought some of them. And did they---

A Did they spring a premium over the market?

Q Yes.

No, I had no exact details, or facts. Now then, was that the, would you ex
pioneer price paid for carves that fall'
No, it wasn't, Your Honour.
What was the price you'd for carvers
one of that salves off the Cooperma Ranch
money then this
sold for more money?
It came in my mind that around just or in

But, so maybe a dollar's worth. No, I ex
, I see
Now, the year before they sold for, ex
money as the other carves sold for, you
were in my mind.

money in my pocket, I might have some
contracts carry these prices in my pocket
years, but I wouldn't say they are here.
Well, did you buy these carves this year
the Cameron Ranch carves.

A Yes, they did.

Q Do they always take a premium, pretty well?

A It has been the general that these calves have sold anywhere from 4 to 6¢ a hundred over the high average of the fall market.

Q And why is that?

A They are particularly desirable calves, they are top quality calves, fancy calves---

Q Are they underweight calves?

A Not underweight, but they are light weight calves.

Q Light weight. So they can put on weight quickly, is that the idea?

A That seems to be---

Q Is that the reason why people buy them?

A The reputation that they have. They are efficient in the feedlots.

Q In the feedlots?

A And on feed anywhere. The Eastern buyers seem to want to come back after these calves year after year after year, and are willing to pay a premium for them, and they are the ones who have received these calves, by and large, over the years.

Q Yes. Well, are they put into feed lots right away?

A Oh, sometimes, and sometimes no.

Q I'm just wondering, if you didn't put them into feed lots very quickly whether their desirability, or the advantage

They did.

Do they always take a premium, pretty well?

It has been the general thing. When curves [illegible] we get [illegible] [illegible] to go a hundred over the high average [illegible] at least.

And why is that?

They are particularly desirable curves, in [illegible] calves. Fancy calves---

Are they underweight calves?

Not underweight, but they are light weight. Older weight. So they can put on weight [illegible] there?

A That seems to be---

Is that the reason why people buy them?

The reputation that they have. They are [illegible] feeding[illegible].

In the feedlot?

And on feed elsewhere. The feedlot buyers seem to [illegible] come back after these calves year after year [illegible] and are willing to pay a premium for them. And they are [illegible] when [illegible] have received these calves, in and in [illegible] [illegible] they put [illegible] into [illegible] away.

that you get would disappear?

A Not if they are on feed---

Q Pardon?

A Because they will grow out. Not if they are on feed, they will grow out, and, that is, of course you always have the odd ones that don't finish like the rest of them.

Q I know, finishing, but I'm wondering, wintering them over and then putting them on grass during the summer---

A Properly fed I don't think,that would depend on market structure changes.

Q I see. All right.

A That is my opinion, Your Honour.

Q Yes. Well, you have been in this business how long?

A In the livestock business?

Q Yes. You were with this association in '51, '52---

A In the fall of '50 I came on, yes, with them, and I left, if I remember, it was in the spring of '52.

Q You were one of the casualties of the foot and mouth disease?

A Foot and mouth disease, yes.

Q When they had to pull in their horns?

A Yes.

Q And then, after that you were in the livestock business in one way or another ever since?

A No, I served as a missionary for the Church of Jesus Christ of the Latter Day Saints for about 32 months in

Finland, after the foot and mouth disease hit, until I came back, and after that I got back into the cattle business after working for a period with my father on the farm, but outside of that I have been pretty well in the cattle business, Your Honour.

Q So I would think that you would know just about as much about the cattle business as any other person in Southern Alberta?

A Your Honour, I'd like to think that, but there are others that wouldn't.

Q Now then, with that in view, I need some education, because the Government is asking me to tell them why this Association lost so much money. So, some of it we may pin point, and other things we may pinpoint, but what I would like you to tell me is a bit about cattle feeding, the cost of winter feeding, the cost of summer pasture feeding, and the cost of the feedlot feeding, and to refresh your memory and to assist you---were you at the livestock feeding and management day this year, in November the 5th, at the Experimental Farm?

A No, I wasn't, Your Honour.

Q I will just hand you that, and would you just, it just covers, I think, feedlot feeding. Would you just tell me what the cost of winter feeding is, in your opinion? If you can help me, that's what I need, is some help.

A Well, that answer would have to be with a number of

Maitland, after the foot and mouth disease hit, until I came back, and after that I got back into the cattle business after working for a period with my father on the farm, but outside of that I have been pretty well in the cattle business, Your Honour.

So I would think that you would know just about as much about the cattle business as any other person in western Alberta?

Your Honour, I'd like to think that, but there is other that wouldn't.

Now then, with that in view, I need some education, because the Government is asking me to tell them why the Association just so much money. So, some of it is my point, and other things we may disagree, but what I would like you to tell me is a bit about cattle feeding. The cost of winter feeding, the cost of summer pasture feed and the cost of the feedlot feeding, and to verify your report and to assist you--we, you at the Livestock Feeding and management day this year, in November the 3rd, at the Experimental Farm?

No, I wasn't, Your Honour.

I will just ask you that, and would you just, it just think, feedlot feed would you just tell me [illegible] feeding is in your c[illegible]

[illegible] what I need, is some [illegible]

[illegible] be with a member of [illegible]

qualifications, Your Honour.

Q That's right, I know that, yes.

A That would depend on the feeder---

Q A good feeder, an average feeder.

A The eye of the master fattens the cattle, you know that.

Q Pardon?

A The eye ofthe master fattens the cattle.

Q That's right. And you've got to have a sharp pencil with these people, always.

A We can put the same quality, the same type of cattle to different individuals, one fellow will lose money, the next guy will make money.

Q All right. Well, let's have the average.

A Now, I can read you what it says in this table.

Q No, that table just refers, I would think, to feedlot, doesn't it? I'm not sure. But you tell me your experience in the cost of wintering calves, for example.

A I've have no concrete and exact figures I could give you. This would be---

Q Within a range?

A In my opinion.

Q That's right. That's all we want, is your opinion--

A In my opinion---

Q And I will get some opinions from other people, as well.

A In my opinion, I know different individuals who have put out calves to be wintered and summered.

Illustrations, Your Honour.

That's right, I know that's yes.

It would depend on the reader--

A good reader, an average reader;

The eye of the master fastens th reality, you know what

Perhaps?

The eye of the master fastens the all

That's right. And you've got to have a keen

these people, always.

We can put the same quality, the same

different individuals, one is

next guy will make money.

All right. Well, let's have the average.

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No, that table just reads, I would think,

doesn't say I'm not sure. But you tell me

in the coast of wintering caves, for example

I've have no concrete and exact figures

This would be---

Within a range?

In my opinion

In right? That's all we want, in your opinion--

M---

Hope other people, as well,

  but

Q Yes.

A And they pay, now this is besides, this is going to look funny, what I say here, but they pay 16¢ a pound on the gain, which I know is what some of these calves that we are concerned with was put out on, I know that now.

Q Yes. What I want to know is, is that reasonable---

A Now, these individuals accepted this cost, they feel that they could make money on the deal or they wouldn't be in business.

Now, I don't imagine they can probably, the cost of gains given in this table from a seven to eight hundred pound animal, it gives 13½¢, and this cost is calculated on 80¢ per bushel.

Q For barley?

A For barley.

Q And $20.00---

A $20.00 a ton for hay, and $96.00 a ton for protein supplement, and the cost they have shown, which is correct, I am sure, increases the animal, cost per pound of gain increase, the animal gets larger.

Now, you have asked me for my opinion, I have read also that the price, the most efficient gains were made on the smaller animals, up to a certain point. Now, any feedlot operator will tell you that the last gains they put on are expensive.

Q Well, it shows in that table at 23¢.

And they pay, now this [illegible] besides, this is going to cost money, what I say here, but they pay in a round on the gain, which I know is what some of these calves that we are concerned with was put out on, I know that now. Yes. What I want to know is, is that round. Now, these individuals accepted this cost, [illegible] they could make money on the deal or they wouldn't be in business.

Now, I don't imagine any [illegible] probably, the cost of raising a steer in this land from seven to eight hundred pound weight, [illegible] this cost is calculated on why [illegible]

For barley?

For barley.

And $20.00---

$20.00 a ton for hay, and $[illegible] [illegible] supplement, and the cost they have shown, which is correct, I am sure, increases the animal, cost per pound of gain increase, the animal gets larger.

[illegible] Now, you have asked me for my [illegible] I have read also that the price, the most [illegible] were m[illegible] in the smaller attained up to [illegible] [illegible] with that you [illegible]

A Yes, 23.98.

Q What is that---

A 23.98, a thousand to an eleven hundred pound steer.

Q You have got to feed that thousand pound steer before you can put any more weight on, you have got to keep going?

A Well, to get to the point where what you're putting on is no longer flesh but just mere layers of fat, which costs money to put on.

Q I see.

A I don't know if I have answered your questions, here.

Q Well, I know it's very difficult to get down to feed.

A Now, I can also tell you things that you here everyday from these commercial feedlot operators. The fantastic stories they tell you, the amount it costs them. I can tell you what certain individuals have told me. I have heard costs anywhere from 12 to 20 to 25¢ a pound, but that depends again on the cost of feed, and whether they are buying it, or producing it.

Q On 700 pound steers and heifers what would you say the upward limit should be of an average person?

A What do you mean, the upward limit?

Q The highest.

A At what weight should they be marketed?

Q No, no. If I have one hundred 700 pound steers, what should be my highest cost, under average circumstances? Should it be 18¢, should it be 20¢, should it be 22¢?

23.90.

What is that---

23.90, a thousand to an clever hundred pound steer.

You have got to feed that thousand pound steer before

can put any more weight on. You have got n keep getting

Well, to get to the point where what we're putting

no longer flesh but just more layers

money to put on.

I see.

I don't know if I have answered your questions, sorr.

Well, I know it's very difficult to get a man to feed.

Now, I can also tell you things that you were expecting

from these commercial feedlot operators. The butcherin

stories they tell you, to amount it comes down.

tell you what certain individuals say, told me, I

heard cows everywhere from 12 to 20 to 25% a pound.

that depends again on the cost of feed, and whether we

are buying it, or producing it.

On 700 pound steers and heifers what would you say the

upward limit should be of an average percent?

Wh do you mean, the upward limit?

The highest.

, should the marketing

ated 700 pound ar 70, what

, made average i investment?

A Well, conditions---

Q Well, these people that are out here that you have had feed, what should they---

A Conditions right now, with the present prices of grain, and so on---

Q Yes.

A They should put these gains on anywhere in the range, and again it depends on the individual and the way he feeds his cattle and takes care of them, depending on water, and protein, and balanced supplement, they should be able to put these gains on anywhere, I would say, average 16 to 18¢.

Q 16 to 18¢ on, weights, about 700 pounds?

A Around that, 700 to---

Q All right. Now, how high, say, on a thousand pounds, what would that be like, if you were feeding from a thousand to eleven hundred?

A Well, according to this table, the---

Q Well, that's a table, and I want you to tell me, if you can---

A I couldn't tell you exactly, but the trend is, I have no figures in my mind on that.

Q Yes.

A According to the way the, experiments have shown that the cost of gains goes up when you get to the thousand pound steer.

Q Yes.

well, conditions --

I, these people that are out here that feed, what should they---

tons right now, with the preseas' so on---

Yes.

They should put their cows on anywhere earth it depends on the individual and the cattle and takes care of them, deposal protein, and balanced supplement, the, but put these cows on anywhere, I would say 1&4.

It to 1&4 on, weights, about 700 pounds Around that, 700 to---

All right. Now, how high, may, on a thousand would that be like, if you were feeding clover, hundred?

Well, according to this table, the---

Well, that's a table, and I want you to ---

Yes.

couldn't tell you exactly, but the zeros in, I have no re my mind on that.

---- that.

A They would probably cost, on that basis, 21¢.

Q 21¢. And a calf when it starts out, is it about 400 pounds when it is---

A Well, thereabout.

Q And what would that run, do you think?

A Well, if they are on a maintaining ration, a growing ration, that, I think, is where they get the efficiency in the gain. In my opinion it would run anywhere, probably from, again depending on the feeder and the way he looks after them, I would say anywhere from 12 to 16¢ a pound.

Q 12 to 16¢ a pound. That's on a 400 pound calf---

A And fed efficiently, why, the feeder's going to get the benefit.

Q Get the benefit, yes. And that's, did you say on the main feed, or growing, or both?

A Growing, and probably taking care of that calf, should be growed before he is put a fattening ration.

Q And what would he get up to?

A Well, I would say he shouldn't go onto a real hard fattening ration until he gets up towards the 650 pound mark, in there.

Q 650.

A Now, that's my opinion.

Q Yes.

A You've got feeders that might dispute me---

Q Well, we are going to ask some other people, that's what

They would probably cost, on that basis, 21¢.

21¢. And a calf when it starts out, is it about not worth when it is---

Well, thereabout.

And what would that run, do you think?

Well, if they are on a maintaining ration, a growing ration, that, I think, is where they get the silage in the year. By optimum it would run anywhere from, again depending on the

after them. I would say anywhere from 14 to 16¢ 12 to 14¢ a pound. That's on a 400 pound calf

And fed efficiently, w'y, the feeder's going a benefit.

Get the benefit, yes. And that's, did you buy a feed, or growing, or both?

Growing, and probably taking care of the calf.

growed before he is put a fattening ration.

And what would be get up to?

Well, I would say he shouldn't go onto a real hard fattening ration until he gets up towards the 650 pound mark.

there.

.50.

we are trying to find out.

A But these---

Q You see, Mr. French, I have all these ledger cards and I am going to have to decide, after listening to all these feeders, whether they got too much money, and that is my duty to do so.

A Well, I don't envy you your position, good luck to you.

Q Well, I know, and that's why I am asking you some questions. Now, Mr. Weir----Oh, one other question. Were there very many sales during the course of the existance of the marketing association from the marketing branch to the Holding Pens?

A Well, not any great numbers, to my knowledge. There may have been the odd ones, yes, but---

Q The odd one, yes. Ordinarily, you were selling out to---

A I bought for different members of the Association, your Honour, and I also bought for non-members of the Association, and when I bought for non-members of the Association they would be invoiced to the Lethbridge Central Feeders Association, John Doe Account, which is a fictitious name, as you realize.

Q Yes.

A And on that, then I would receive, you see, on doing this, the agreement set up between the Association and the commission firm was half commission, so that the feeder didn't have to pay double commission.

we are trying to find out.

But these---

You see, Mr. French, I have all these, I-have [illegible] and am going to have to decide, after [illegible] to all these teachers, which, they got too much [illegible] on,

only to do so.

Well, I don't envy you your position

Well, I know, and that's why I am a

question. We [illegible] a [illegible], and [illegible]

of the [illegible] of the [illegible]

marketing branch [illegible]

Well, not any great number [illegible] have been the odd ones, [illegible]

the odd one, yes. Personally, you [illegible]

I bought for different members [illegible] Honour, and I also bought for [illegible]

Association, and when I bought for [illegible] of

Associations; they would be involved in the Leathers

Central Ontario Association, Joan Joe Account, which is a [illegible] name, as you realize.

I receive, you see, on behalf

[illegible] set up between the Association and the [illegible], [illegible] the Feeder

Q You got half the commission?

A The Feeder Association got the other half.

Q The feeder Association got the other half. Well, what happened to---

A Well, I mean the Central Livestock Marketing Association gets the other half.

Q I would assume you---

A I was on a salary.

Q On a salary.

A Sure, absolutely.

Q And then those cattle went from you through what channels to the feeders?

A Depend, if they were to be branded, depend on whether they were to go to the man's place, if he wanted them branded and vaccinated, if they were to be branded and we couldn't get them branded immediately, and depending on whether I bought them, if I had bought them on the Lethbridge Stock Yards they would be branded there, they were branded there and sent out, if there wasn't a waiting list he would get them then quicker and get them home, which is a very important factor in putting cattle, buying cattle, is to get them home and settled down, it decreases the potential of---

Q Shrinkage.

A Of disease, and shrinkage, and everything, which I don't think I need to elaborate on.

You get that the association?

The Feeder Association got the order mail.

The Feeder Association got the order mail. Well, what happened to --

Well, I mean the Central Livestock [illegible] gets the order mail.

I wouldn't assume you---

I was on a military.

On a military.

Sure, absolutely.

And then those only [illegible] to the feeders?

Depend, if they were [illegible] were to go to the market place.

and negotiated, if they were [illegible] get them branded immediately, and then bought them, if I had bought them on [illegible] they would be branded there, then were and sent out, if there wasn't a waiting list [illegible] then then auctioneer and get them home, which is [illegible] port at feedlot in Western Ontario, Buyland [illegible] [illegible] one and settled down, it depends the material [illegible]

Q Yes.

A But our concern is to get these home as quickly as we can, and if some of them needed to be branded, perhaps they were taken to the Holding Pen and branded and sent to the feeder.

Q If you bought them in the auction ring they were weighed there, were they?

A There was weigh tickets, you bet.

Q And you got the tickets?

A I got the tickets, andthey were put on the invoice going to the Association, or were kept on the file, which ever the plan was. I can't tell you right off, but I could check back, but it doesn't matter, they were there on file in the rounds of the Association to receipt, and any that I bought for non-members the tickets went with them, the weigh tickets, and everything was right there my commission on them.

Q Everything you bought you had weigh tickets for?

A Through the stock yards.

Q Yes, thank you.

Have you anything else, Mr. Weir?

MR. WEIR:

Q Mr. French, you would be in the sales ring if there was an auction, I presume?

A At times, yes.

Q Yes. Would Mr. V. L. Burke also be there from time to time

But our concern is to get these boys [illegible] quicker [illegible] and [illegible] if some of them needed to be branded, perhaps they were taken to the Holding Pen and branded and sent to the Reform.

If you bought them in the auction rin[illegible] [illegible] were weighed there, were they?

There was weigh tickets, you bet.

And you got the tickets?

[illegible] got the tickets, anything were put to the Association. [illegible] were read on the [illegible] the plan was. I wouldn't tell you [illegible] check book, but it doesn't matter. [illegible] file in the rounds of the Association [illegible] any that I bought for non-[illegible] the tickets [illegible] them, the weigh tickets, and everything my commission on them.

Everything you bought you had weigh tickets for? Through the stock yards.

Yes, thank you.

[illegible] Has you anything else, Mr. Weiss?

WEISS: [illegible]

Q. [illegible] be in the going ring if there was [illegible]

when you were there, bidding on cattle?

A He would.

Q Now, would he be bidding for cattle, calves, in competition with you?

A If we were bidding on the same animals he would be, as well as he would be in competition with anyone else.

Q Yes. In other words, you would be buying cattle on behalf of the feeders association, would this be correct to say?

A If they had given me an order.

Q Yes. And it could very well be that there would be times that Mr. Burke, then, would be in competition with you in certain bidding?

A That's true.

Q Now, were you acquainted with the fact that Mr. Burke was obtaining credit through the Association?

A When?

Q Well, overthe years?

A I know it now, but I can't tell you when I first learned it.

Q I see. Do you recall knowing of this when he was actually in competition with you sometimes, bidding for certain calves or steers?

A Yes, I believe I had learned that he had a credit with the Association while he was still operating on the market.

Q Yes. Well, did it seem strange to you that the Association was providing him with credit and yet he was bidding

Mr. a you were there, bidding on cattle?

He would.

Now, would be be bidding for cattle, calves, in competition with you?

If we were bidding on the same animals he would be, as well as he would be in competition with anyone else.

Yes. In other words, you would be buying cattl[illegible] of the feeders association, would this be corr[illegible]

If they had given me an order.

Yes. And it could very well be that there would be [illegible] that Mr. Burns, then, would be in competition [illegible] certain bidding?

That's true.

Now, were you acquainted with the fact that Mr. Burns was obtaining credit through the association?

When?

Well, overthe years?

I know it now, but I can't tell you when I first learned it.

I see. Do you recall knowing of this when he was actually in competition with you sometimes, bidding for certain calves o[illegible] steers?

Yes. I believe I had learned that he had a credit with the [illegible] association.

against the association, in effect?

A No. To my knowledge the credit he had was for cattle on feed, and the orders that he was filling on the market, to my knowledge, were orders given to him which he was filling for his customers, and I had no way of knowing, or I didn't know if the funds he used there were the same funds that he was supposed to have cattle to have on feed.

Q Well, what I am getting at, at the time it didn't seem strange to you, then, that he was obtaining credit with the Association, and was, on certain occasions, bidding against you in the sales ring?

A I didn't know the particulars of the occasion, and it couldn't have mattered less to me.

Q Yes. Then you didn't speak to Mr. Hatch, or anyone else in the Association office about this particular matter?

A Well, specifically, no. If I had, this wasn't too long ago, I wouldn't say that I had knowledge that he was feeding because, well, of course, I haven't been, in this leg of my journey in the cattle business, too long with the Association, however, I have no definite recollection of having any particular discussion with Mr. Hatch concerning that matter, other than being notified that, yes, he is a member, he has cattle on feed, but the picture that was in my mind, that he is a livestock dealer and he is buying and selling cattle for individuals, and I guess he had a right to live, so that's as far as I dealt

the association, in effect?

No. To my knowledge the credit ES had been for cattle on feed, and the orders that he was filling on the market to my knowledge, were orders given to [illegible] he was filling for his customers, and I had no way of knowing or I didn't know if the funds he used [illegible] funds that ES was supposed to have credit.

Q Well, what I am getting at, at the time it strange to you, then, that he was obtaining the Association, and was, on certain occasions, against you in the market, was?

A I didn't know the particulars of the deal so wouldn't have mattered less to me.

Yes. Then you didn't speak to Mr. Mason, or in the Association office about this matter?

Well, specifically, no. If I had, this [illegible] ago, I wouldn't say that I had knowledge feeding because, well, of course, I haven't been, in the leg of my journey in the cattle business, too long with the Association, however, I have no definite recollection of having any particular discussion with Mr. Mason concerning that matter, other than being notified that he was a member, he has cattle on feed, but the [illegible] he is [illegible] place and [illegible] funds

with the matter.

Now, the---

Q You didn't---

A The intracasies of it wasn't my business, they weren't paying me to know about these things.

Q I am interested in another matter, as well. Let us assume that you have cattle coming in from Grande Prairie, and let us assume you decide that they are going to be fed and watered and weighed. What would happen to those cattle, who would you instruct to do these various things, and when would they normally be done?

A Under what circumstances? Is that now, the assumption is going on, or sometime this had happened in the past?

Q Well, these things happened in the past, I take it, cattle came in---

A You're talking about a specific incident that we can work on?

Q No, I'm not talking about any specific case right now. What was the general routine, cattle coming in? I know after a long trip I feel rather thirsty and hungry, but I'm not that familiar with the cattle business.

A Well, I will tell you what the general routine is now. It is law that you have to feed these cattle within a certain length of time. In transit, they cannot be held in transit over a certain length of time on the railway or in transit, or you can be liable.

with the message.

Now, the--

You didn't--

The interchange of it wasn't my [illegible] me to know about these things.

[illegible] interested in another matter [illegible] that you have mental [illegible]

Let us assume you locate that [illegible] and watered and weighed. What would [illegible] would you learn [illegible]

Where would they [illegible] - [illegible]

A Under what circumstances [illegible] going on, or concerning this [illegible]

Q Well, these things happened [illegible] came in--

A You're talking about a specific [illegible] or?

No, I'm not talking about any specific [illegible] was the general routine, mental [illegible] a long trip I feel rather thirsty and hungry, [illegible] that familiar with the mental [illegible].

Well, I will tell you what the general procedure is now. [illegible] law that you have to feed these [illegible] within [illegible] [illegible] they cannot be held in [illegible] on the rail.

Now, if these cattle, if they were bought on orders from a particular outside point and they came in these cattle have got to be fed and watered, they have got to be taken care of.

Q Yes.

A They have shrunk out abnormally, and that isn't a healthy situation. They would have to be taken care of, fed and watered, and brought back to the normal.

THE COURT:

Q Did you have anything to do with the Holding Pen settlements, at all?

A The Holding Pen settlements, themselves, I had very little to do with. The odd case, I bought cattle and put them through the Holding Pen account. This was perhaps not what I wanted, I being concerned with the marketing situation, thinking, well, the commissions earned on these are all in the same pot anyway, what difference does it make, that's beside the point, but there is the odd time I did have.

I could go back through the books and get you a specific incident, but it was lesser than more, that I did.

Q Yes, did you ever put through deals, or instruct deals where cattle were brought in and the settlement was made to the vendor on a shrink basis, and then were sent out to the feeder on the gross basis?

ow, if these exists, if they were bought on orders a particular outside points and they came in these have got to be fed and watered. they have not a care of.

Yes.

They were shunk out abnormally, and can isn't attention. They would have to be watered, and brought back to the normal

THE COURT:

Did you have anything to do with the Holding Remts, at all?

A The Holding Pen matter, the c to do with. The odd case, I bought matts through the Holding Pen account. This was what I wanted, I being concerned with the matters attention, thinking, well, the commissions matters are all in the same pot anyway, what difference make, that's beside the point, but there is the I did have.

I could go back through th and get you a specific incident, but it was leaner more, that I did.

Did you ever put through deals, or instruct deals

[illegible]

[illegible]

A No sir.

Q You didn't have anything to do with that?

A No sir.

Q I see. Did you have anything to do with any deals where substantial profits were made in the Holding Pen? Did you have anything---

A No.

Q You had nothing to do with sales, for example, to Joe Toth?

A No sir. Well, I mean, I bought cattle for Joe Toth.

Q Of B. C. cattle?

A I have sold cattle that come in, to the Holding Pen, from B.C. I have been the employee that took care of certain cattles.

Q But did you decide what they were to be sold for, that is the point?

A We've sold them out. We found the cost of coming in, plus the freight, sold them out at thecost plus commission. Some that I happened to sell went to non-members of the Association.

Q Well, I'm not worried about non-members. If you make a profit on them, okay, we have nothing to worry about.

A Well, I still make commissions.

Q We are talking about profits to the Association.

A No, Your Honour. And if, these cattle that come in from B. C., they were fed and watered and taken care of, and naturally we checked the shrink ofthese cattle against

You didn't have anything to do with that?

No sir.

I see. Did you have anything to do with deals that substantial profits were made in the military? Have anything---

No.

You had nothing to do with sales, for example.

No sir. Well, I mean, I bought cattle for the City of B. C. cattle.

I have sold cattle too some say, I

B.C. I have been the employer most cattle.

But did you decide what they

the price?

We've sold them out. We found one coal [illegible] the freight, sold them out as thoroughly and commission

Some that I happened to sell went to non-members of Association.

Well, I'm not worried about non-members. If you make a profit on them, okay, we have nothing to worry about.

Well, I s[illegible] I make commissions.

[illegible] Did put profits to the Association.

[illegible] there [illegible] that come in from [illegible]

[illegible] cattle B.C.

the original buy-weight of the cattle, which is good business to know what these cattle shrink.

I shipped cattle to Eastern Canada, they do the same thing. They check the weights of my cattle off-car, did they shrink abnormally, and why. That's the question when you're dealing with a perishable product.

Q All right.

MR. WEIR:

Q Well, the thing I'm wondering about, let us say these cattle coming in from British Columbia, would they be fed and watered and then, the following morning, weighed, and then sold to members?

A They would be fed and watered, we would catch weight on them, we might catch weight on them when they came in. We might catch weight on them when they were fed and watered to see how they compared with cattle bought at home, and that was the purpose of doing it, to see if they were good value in comparison to the cattle that we bought locally, and if they weren't good value then it was time to quit buying them and buy locally.

Q Well, what was the---

A But the weights, to my knowledge, these cattle were sold on, to my knowledge, would be the original weight bought in B.C. To my knowledge that is what it would be.

Q It wouldn't be based upon the weights that you would have the following morning after the cattle had been weighed and watered?

the original buy-weight of the cattle, which is good business to know what these cattle sprink

I shipped cattle to Eastern Canada, they do the same thing. They check the weights of my cattle off-car, did they shrink abnormally, and why. That's the question when you're dealing with a perishable product.

Q All right.

MR. WEIR:

Q Well, the thing I'm wondering about, let us say you [illegible] coming in from British Columbia, would they [illegible] watered and then, the following morning, weighed [illegible] sold to members?

A They would be fed and watered, we would get [illegible] them, we might catch weight on them when they come in. [illegible] might catch weight on them when they were fed and watered to see how they compared with cattle bought in [illegible], and that was the purpose of doing it, to see if they [illegible] good value in comparison to the cattle that we bought locally, and if they weren't good value then it was time to quit buying there and buy locally.

Q Well, what was the---

[illegible] the way, to my knowledge, those cattle were sold [illegible] knowledge, would [illegible] the original weight bought in [illegible] that is [illegible] it would be, [illegible] weights that you [illegible] had been [illegible] cattle/we [illegible]

A To my knowledge, no. Any that I handled, no, and there was very few that I handled. I handled one specific shipment when Mr. Hatch was away. Outside of that I had very little to do with it.

Q Well, are you aware of any incident when this might have happened, cattle from British Columbia or from some other distant point would be, upon arrival, fed, watered, and then weighed, and then sold to members based upon that arrival weight?

A I am not.

Q You're not?

A I'm not acquainted with that.

Q Well, Mr. French, you're reasonably familiar with the purpose that we have here in these Hearings. Is there anything that you would care to state at this timethat we haven't asked a specific question on?

Anything further that you would like to add?

A Well, I don't think there is anything I can help you out with, give you any specific facts on. We all have ideas, but I don't think there's any ideas that I could give you that would be anything of specific help to you. If there is I'd be very glad to tell you of them.

THE COURT:

Q I'm just going to refresh, see if you did know anything, did you know anything about this Wilson deal to Toth here on November the 8th and 18th? There may not be a profit

To my knowledge, no. Any that I handled, yes, and there was very few that I handled. I handled one specific shipment when Mr. Hatch was away. Outside of that I had very little to do with it.

Well, are you aware of any incident where this might have happened, cattle from British Columbia or from some other distant point would be, upon arrival, fed, watered, then weighed, and then sold to members based arrival weights?

A I am not.

Q You're not?

A I'm not acquainted with that.

Q Well, Mr. French, you're reasonably familiar with the purpose that we have here in these hearings, anything that you would care to state at this interval we haven't asked a specific question on?

Anything further that you would like to add?

A Well, I don't think there is anything I can help you out with, give you any specific facts on. We all have ideas, but I don't think there's any ideas that I could give you that would be anything of specific help to you. If there is, I'd be very glad to tell you of them.

[illegible] Well, see if you did know [illegible]

[illegible] Hardie Wilson [illegible] to ask [illegible]

here, but just to a stranger looking at that there is an apparent profit of $721.45. Now, it may not be there, at all. There may be an explanation.

A See, these came up that, now this, I might help you, this came up that there's cattle in there that weren't saleable from Toth's order.

Q Yes.

A And they would be disposed of, maybe sold by auction, and sold as not as good a cattle.

Q No, they are not sold.

A Yes, but in the same shipment as the cattle came in, now, this I don't know without following through, this I'm not particularly acquainted with---

Q No, well if you don't know, I was just wondering if you remembered this specific deal. If you don't know I won't ask you anything more about it.

A No. I don't.

Q No, that's fine, thanks.

MR. WEIR: I haven't any other questions, Your Honour.

THE COURT: Have you anything, Mr. Moscovich?

MR. MOSCOVICH: I don't think so.

THE COURT: Mr. Leitch?

MR. LEITCH: Nothing, sir.

THE COURT: Mr. Prowse?

MR. PROWSE: Yes.

here, but just to a stranger looking at that there is an apparent profit of $72[illegible]. Now, it may not be there at all. There may be an explanation.

See, these came up that. Now this, I might help you, came up that there's cattle in there that weren't salaable from Toth's order.

Yes.

And they would be disposed of, maybe sold by auction, or sold as not as good a cattle

No, they are not sold.

Yes, but in the same shipment as the cattle came in, this I don't know without following through, particularly equalized with---

Q No, well if you don't know, I was just wondering remembered this specific case. If you don't know ask you anything more about it.

No. I don't.

No. that's fine, thanks.

MR. WEIK: I haven't any other questions, Your Honour.

TH COURT: Have you anything, Mr. Mosovich?

MR. MOSOVICH: I don't think so.

THE COURT:

[illegible]

MR. PROWSE CROSS EXAMINES THE WITNESS:

Q You have been very helpful, I just want to try and get a little more help here.

Well, on this transaction, this purchase from the Knight and the Cochrane ranch, you have accounted forthe disposal of all that purchase?

A It is.

Q What profit was there in that for your association?

A For Central Livestock Marketing?

Q Yes.

THE COURT: Well, there would be no profit on the paxman deal. I presume they were put out the same time.

THE WITNESS: Let me state this way, that, you mean what commissions were made, or what profit---

MR. PROWSE:

Q No, no, I mean for Central Livestock. I mean, the intention was to make a profit, I gather, on buying cattle and selling---

A The intention is to make, yes, a profit, a commission.

Q These were bought and sold forthe same price?

A Right. Plus 25¢ commission as it shows here on the heifer calves.

Q On all of the heifer calves?

A On all of the heifer calves that were shipped to the States.

THE COURT:

Q That's 25¢ a hundred?

BY PROWSE CROSS EXAMINED THE WITNESS:

You have been very helpful. I just want to try and get a little more help here

purchase from the Knight and the Co-operative people, you accounted for the disposal of all that purchase?

It is.

What profit was there in that for your association?

A For Central Livestock Marketing?

Q Yes.

THE COURT: Well, there would on the present deal, I presume they met [illegible] time.

THE WITNESS: Let us state this way, the mean what commissions were made, or what profit--

MR. PROWSE:

Q No, no, I mean for Central Livestock. I was to make a profit, I gather, on buying cattle and selling the intention is to make, yes, a profit, a commission. These were bought and sold for the same price?

Right. Plus 2% commission as it shows here on the bills of sales.

Q Of the other cattle?

A The other cattle that were shipped to the

A Yes, that's right, 25¢ a hundredweight.

Q Yes.

A And on the calves that went to Ayre, Ontario, there's also a 25¢ commission on them.

Now, on the others that were invoiced to the Feeders Association, there's no commission shown on the invoices here, at all.

Q What about the sale to Mr. Paxman? Would he be a commission?

A He would be charged it through the Association.

Q Through the Association.

A But there's no commission shown on the invoice.

Q No.

A And any commission that came back would be later taken into consideration in this split that I told you, concerning---

Q Yes.

MR. PROWSE:

Q Well now, cattle that you bought and delivered to the Holding Pen, would they be branded before you delivered them to the Holding Pen?

A What cattle are you referring to?

Q Any cattle

A Cattle that I bought in the auction ring may or may not have been branded before I bought them.

Q But, with the association brand, I mean, cattle that---

Q Yes, there's right, 23¢ a hundredweight.

A Yes.

Q And on the calves that went to Ayre, Ontario, there's also a 25¢ commission on them.

A Now, on the shore but were involved to the Feeders Association, there's no commission shown on the invoices here, at all.

Q What about the sale to Mr. Paxman? Would Mr. [illegible] commission?

A He would be charged it through the Association.

Q Through the Association.

A But there's no commission shown on the invoice.

Q No.

A And any commission that came back would be later in into consideration in this split that [illegible] did you, concerning---

Q Yes.

MR. FROWDE:

Well now, cattle that you bought and delivered to the Holding Pen, would they be branded before you delivered them to the Holding Pen?

Q Who [illegible] are you referring to?

A Cattle

A Not necessarily.

Q Had you received any instructions about branding them with the Association Brand before delivering them to the Holding Pen?

A Not Specifically.

Q You had never received any instructions in that regard?

A About branding the cattle before delivering them to the Holding Pen?

Q Yes.

A If we were going to deliver them to the Holding Pen, in all probability the reason we were delivering them there, a lot of times would be cattle I had bought for a specific order, would be to brand them.

Q In other words, what you're saying is the branding is the responsibility of the people at the Holding Pen, was it?

A Well, secondarily. Cattle that I bought, I was responsible to fill my client's order, and if he had ordered them branded then it was my responsibility to follow through and see that I got them branded. If I needed to take them to the Holding Pen and use the facilities there, that is what I would do, and instruct them to brand them with such and such a brand.

Q Now, did Central Livestock Marketing own the trucks that were used? I mean, did you have your own trucks, or did you hire independent transport?

A Central Livestock Marketing didn't own any trucks.

necessarily.

Q Did you receive any instructions about branding them with the Association Brand before delivering them to the Holding Pen?

A Not specifically.

Q You had never received any instructions to that effect?

A About branding the cattle before delivering them to the Holding Pen?

Q Yes.

A If we were going to deliver them to the Holding Pen, probably the reason we were delivering them there, a lot of these would be cattle I had bought for a specific order, would be to brand them.

Q In other words, what you're saying is the branding is the responsibility of the people at the Holding Pen, was it?

A Well, secondarily. Cattle that I bought, I was there to fill my client's order, and if he had ordered them branded then it was my responsibility to follow through and see that I got them branded. If I needed to take them to the Holding Pen and use the facility there, that is what I would do, and instruct them to brand them with the Association brand.

Q Did you have your own branding, or did Central Livestock Marketing own the branding iron?

Q Who did the trucking then, independent truckers?

A Yes. To my knowledge they were all independent truckers.

Q Do you know of any cattle being delivered tothe Burke farm, or feeding quarters in March of 1964?

A Specifically, no.

Q Now, what do you mean, specifically, no?

A Well, I'd have to look at, I had no order, if that's what you're saying. I had no order to buy for Burke, to buy any cattle for Burke.

Q I asked you whether you knew of any delivery of cattle there?

A I recall of no particular delivery of cattle, and I can't say that, without looking at invoices of when cattle went and where they may have come from, I can't say that they went specifically to Burke.

Now, there may have been cattle that I bought that were, for a feeder association order, that may have ended up there, for all my knowledge, but without specifically tracing it back I couldn't answer that.

THE COURT:

Q What was the charge on the Paxman cattle, Mr. French?

A $19,619.32.

Q Just so the reporter can get it, $19---

A $19,619.32.

Q Yes, and they were charged out to Mr. Paxman as $19,869.92, so that $200.00 would be commission?

Who did the invoicing them, independent truckers?

Yes. To my knowledge they were all independent truckers.

Do you know of any cattle being delivered to the Burke farm, or feeding quarters in March of 1964?

A Specifically, no.

Q Now, what do you mean, specifically, not?

A Well, I'd have to look at, I had no orders. That's what you're saying. I had no order to buy for Burke, to buy any cattle for Burke.

Q I asked you whether you knew of any delivery of cattle there?

A I recall of no particular delivery of cattle, and I can say that, without looking at invoices of what, at what and where they may have come from, I can't say that I went specifically to Burke.

Now, there may have been cattle that I bought that were, for a feeder association order, that may have ended up there, for all my knowledge, but without specifically tracing it back I couldn't answer that.

THE COURT:

What was the charge on the Taxman cattle, Mr. Prenoun?

12,619.32

Let's go the report. Get it, 12---

A Yes, that would be commission and trucking---

Q Trucking, yes.

A Yes. These cattle were bought F.O.B. the ranch.

Q Oh, they were bought out South of Raymond?

A Yes, F.O.B. the ranch.

Q And they had to be trucked?

A Yes, the trucking expense went to the individual where they---

Q Well, you have been most helpful, thank you very much, Mr. French.

MR. MOSCOVICH: A very fine witness.

THE COURT: Pardon?

MR. MOSCOVICH: A very fine witness.

THE WITNESS: Is that all?

THE COURT: That's all, thank you.

MR. WEIR: Thank you, Mr. French.

(WITNESS STANDS DOWN)

THOMAS EDWARD ANDERSON, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q What is your name?

A Thomas Edward Anderson.

Q And your occupation?

A The reason I hesitate, I am an auctioneer, right now I also do invoicing, and whatever else is necessary in carrying on the firm right now.

Q Well, what is your connection with the Lethbridge Central Feeders Association?

so they would be commission and trucking---

Trucking, yes.

Yes. These cattle were bought F.O.B. the ranch.

Oh, they were bought out South or Rayound?

Yes, F.O.B. the ranch.

And they had to be trucked?

A Yes, the trucking expense went to the purchaser.

Q Well, you have been most helpful, thank you very much, Mr. French.

MR. MOSCOVICH: A very fine witness.

THE COURT: Paid?

MR. MOSCOVICH: A very fine witness.

THE WITNESS: Is that all?

THE COURT: That's all, thank ?

MR. WEIR: Thank you, Mr. ?

(WITNESS STANDS DOWN)

THOMAS EDWARD ANDERSON, having first been duly sworn, examined by Mr. Weir, testified as follows:

What is your name?

Thomas Edward Anderson.

And your occupation?

I am an inspector, right now I [illegible] ing work. Also is necessary in

A I was the auctioneer for Lethbridge Central Feeders Association. I also sorted cattle before they went into the ring. I also handled the sheep business that they had, the biggest share of it.

Q How long were you with them?

A Approximately ten years.

Q You were, then, familiar with the fact that Mr. Burke was buying cattle in the sales ring at times in competition with the Lethbridge Central Feeders Association?

A Yes. Mr. Burke has been doing that ever since I've started auctioning.

Q And you are acquainted with the fact tnat he had credit advances by the Association?

A I knew that he was a member of the Association, yes.

Q Did this occur to you at the time as being strange?

A Not necessarily. The reason I say that is because Mr. Burke has been buying for years before, he has been there for quite a few years before he was ever a member of the association, or, to my knowledge, had any credit there, and he has been buying all these years, so naturally when he had the credit I never thought any more of it because when you are up there you've got alot of other things to think about.

Q You know the purpose of this inquiry, Mr. Anderson? Have you any statement that you would like to make at this time that you feel would be pertinent and of

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How long were you with them?

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use when you are up there you've got alot of other to think about.

assistance to the inquiry?

A I don't think so, Mr. Weir.

The reason I say this is because in reading the papers and the number of stories I have heard that, since then what is facts and what is figures, and the little I knew about what was going on in the books and so on, I wouldn't dare say anything.

Q Well, you say that you don't know too much about what was going on in the books, yet you indicated you had something to do with invoices. Now, is this invoices for the Association---

A No, I am invoicing now for the firm that I am working with.

Q I see.

A At that time I was auctioneer and---

Q Then you were not acquainted with the books of the association, at all?

A Just generally. When I first started there I had done some invoicing, and then had gone into the sheep business when Mr. Harker, who had been watching the sheep end was getting on in age, and then I took that over and I related all the duties I had in there since I have been---

Q Were you acquainted with any transactions in the feeders association that seemed a little irregular on the face of it? I am thinking of, perhaps deals that were made which did not seem to be the true feeder deal, such as a cow calf operation, or this type of thing?

assistance to the inquiry?

I don't think so, Mr. Weir.

Q. The reason I say this is because in reading the papers and the number of articles I have heard that, since then what is facts and what is [illegible] and the little I know about what was going on in [illegible] and so on, I wouldn't dare say anything

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Q. You acquain- with any transactions in the [illegible] [illegible] a little irregular on the [illegible] of [illegible] that were made [illegible]

A No. I had very little to do with, actually what the members were buying and what they were feeding. I did do some work in the field, most of it was in the sheep, but I did do a little bit in the cattle, but I had no idea of what most of the men's operations particularly was.

Q I have no further questions.

THE COURT: Any questions?

MR. MOSCOVICH: No.

MR. LEITCH: No.

MR. PROWSE CROSS EXAMINES THE WITNESS:

Q Well, in other words, Mr. Anderson, you were taken by surprise on March 17th, 1964, were you?

A Yes, somewhat.

Q You just had no idea anything like that was going to happen?

A No.

Q And you were a signing officer for Lethbridge Central Feeders, were you?

A That's right.

Q Well, how did you know to make out cheques if you didn't know the books?

A The reason we were given signing authority in the first place was because when we went out into the field to buy cattle lots of times when you bought them you had tomake a deposit, and so when we went out we would have, mind you, this didn't happen to me, very rarely, and I can't remember an instance when it did, but when we went out, if we

A. I am very little to do with, actually what the members were doing and what they were feeding. I did do some work in the field, most of it was in the sheep, but I did do a little bit in the cattle, but I had no idea of what some of the men's operations particularly was.

I have no further questions.

THE COURT: Any questions?

MR. MOSKOVICH: No.

MR. LEITON:

MR. PROWSE CROSS EXAMINED:

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sun rises on March 17th Lyon, were your

Yes, somewhat.

Q. You just had no idea anything like that?

A. No.

Q. And you were a signing officer for both

were you?

That's right.

Well, how did you know to make out cheques if you didn't know the books?

The reason we were given signing authority in the first place, because when we went out into the field to buy lots of times then you bought them you had tomato

on we went out we won't have, mind you,

rarely I can't remember

bought the cattle a purchase deposit, lots of times the individual will insist on one in order to tie up the cattle, and the signing authority, when it was given to us, was given for that purpose, so that we went out with one name on the cheque already signed, and then if we purchased the cattle we would sign the cheque and getthe deposit, give them the deposit.

Q Well, who would you go out with?

A In buying cattle?

THE COURT: He said, himself. He said he took a signed cheque out and all it needed was his signature to make it good.

MR. PROWSE: Oh, well, that's interesting.

Q Now, did you know that Mr. Hatch was carrying on under Central Cattle Company?

A I knew nothing about Central Cattle Company until I read it in the paper the other day.

Q You never knew of any of his transactions?

A Not in that, I knew nothing about them.

Q That's all.

THE COURT:

Q Mr. Anderson, you said when you went out in the field to buy cattle. Did you buy cattle?

A Very few.

Q Very few?

A I was mostly dealing with sheep. I did, in some instances,

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THE COURT: Well, himself.

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Q. That's all.

THE COURT:

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Q Very few?

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Q Well, who would you go out with?

A In buying cattle?

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Not in that, I knew nothing about them.

That's all.

THE COURT:

Mr. Anderson, you said when you went out in the field so you bought cattle?

buy a few cattle from some customers that I had known that had come to me and I bought a few from them.

Q From customers. What doyou mean?

A Well, put it this way, I had individuals who knew me and would come to me, that would come, had been coming year after year and would phone me up and ask me if we could use their cattle, and I did buy the odd ones.

Q Oh, that's vendors to the Association?

A Yes.

Q And then those cattle would be put out to members?

A That's right, yes.

Q Now then, did you have anything to do with inspections of members ?

A With the bank?

Q No, no. Through the years? You have been there for a long time.

A I, in some instances, if I was out in the district I would be asked to stop in and see if somebody had cattle that was getting close enough to being fat that we could sell them.

Q All right. Now then, was there any system, so far as you were aware, or a system which you used of systematic reports to the office on these inspection trips?

A At one time not too long ago Mr. Nilsson and myself sat down and drew up all the members on a sheet of paper and we had spaces where we could write in when they were

buy a few cattle from some customers that I had known that had come to me and I bought a few from them.

From customers. What do you mean?

Well, put it this way, I had individuals who knew me and would come to me, that would come, had been coming year after year and would phone me up and ask if we could use their cattle, and I did buy the odd one.

Q Oh, that's vendors to the Association?

Yes.

And then those cattle would be put out to pasture.

A That's right, yes.

Q Now then, did you have anything to do with pasture members?

A With the bank?

Q No, no. Through the years? You have been there for a long time.

A I, in some instances, if I was out in the district I was asked to stop in and see if someone had cattle that was getting close enough to being fat that we could sell them.

All right. Now then, was there any system, so far as you w a s , or a system which you used of systematic to the office in these inspection trips?

Long ago Mr. Nilsson and myself set on a sheet of paper and . . . the time when I was

checked and looked at when we were looking for cattle to, we often had packers coming over for cattle and if we could look at the sheet we knew who had cattle about ready to go.

Q Now then, when you did go out and have a look at some cattle did you come back and make a written report, in any way?

A No.

Q Was there any system, at all in the Association for reports of inspection?

A Not to my knowledge, no.

Q Who else was in the field?

A Mr. Nilsson, and Ken Smith, and Mr. Hatch.

Q And there was no record made in the central office of counts, or conditions, so far as you know?

A The only counts that I know of was when Mr. Hatch went out with the Bank Manager for their counts.

Q I see.

A Actually we were looking for, like I say, the ones I went out, I was looking mainly for fat cattle.

Q Fine. Now then, let's take, that I came into the Association and I say, I would like to feed 50 steers. What would happen? Do you know?

A I would, if you said that to me I would refer you to the office manager or the supervisor of the Association.

Q All right. And do you know what would happen?

checked and looked at when we were looking for cattle to, we often had packers coming over for cattle and if we could look at the sheet we knew who had cattle about ready to go.

Q How then, when you did go out and have a look at some cattle did you come back and make a written report, in any way?

No.

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A Mr. Mitsor, and Ken Smith, and Mr. Hatch.

Q And there was no record made in the central office or counts, or conditions, so far as you know?

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Q I see.

Actually we were looking for, like I say, the cows I went out, I was looking mainly for fat cattle.

Time. Now then, let's take, that I come into the Association a, I say, I would like to feed 50 steers. What type of do you know?

[illegible] that to me would refer you to the [illegible] the Association [illegible]

[illegible]

A Well, I would imagine they would take a financial statement, and it should be brought before the Board to be accepted or otherwise, to my knowledge.

Q Is that all that would happen?

A I think I know what you're getting at---

Q Well frankly, was there ever an inspection of the man's premises. Would they go out and see whether he had any feed?

A Yes. Usually this is, either through the field man, but quite often it was done through one of the Board of Directors.

Q All right.

A To my knowledge.

Q Now, what field men, Hall and Nilsson?

A Well, I made one, that I can remember of, and the man wasn't accepted, so there was no---

Q He was not accepted?

A No.

Q What did you test that on?

A Of course it wasn't on the inspection basis, it was because of financial arrangements that he didn't give---

Q But in this one inspection you made did you look to see what his set up was, in pens---

A Yes.

Q And what feeding he had?

A Yes.

Well I would imagine they would take a financial statement, and it should be brought before the Board to be accepted or otherwise, to my knowledge.

Is that all that would happen?

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Q All right.

A To my knowledge.

Q Now, what field men, Hall and Wilson?

Well, I made one, that I can remember of, and the wasn't accepted, so there was no---

He was not accepted?

No.

What did you test that on?

Of course it wasn't on the inspection basis, it was based on financial arrangements that he didn't give---

Is this the inspection you made did you look to see

Q And all that sort of thing?

A Yes.

Q Now, did you make a report on that in writing?

A I believe that I did, but I wouldn't say for sure. I believe, we had sheets made out one time where, when somebody made an application we could fill that out, and some of them were filled out when they were presented to the Board for approval, and I think I did, but I wouldn't guarantee it.

Q All right. Now, we have been presented the other day, have you got those sheets, Mr. Weir? No, no, the inspection sheets, the counts. Does anybody know what the number is?

MR. PROWSE: Those are the ones.

THE CLERK OF THE COURT: These are the ones.

THE COURT: No, no, the counts, where they went out and counted cattle. What is in that?

THE CLERK OF THE COURT: Monthly statement---

THE COURT: No, no----

MR. WEIR: It is the one Mr. Williams---

THE COURT: It was Mr. MacLean, wasn't it?

MR. WEIR: I thought you were referring to the cattle count.

THE COURT: I am, cattle count where they went out in July, and there is a bunch of forms. I want to know whether Mr. Nilsson ever saw forms like that.

THE WITNESS: I know which ones you're talking

And all that sort of things?

--

Now, did you make a report on that in writing? I believe that I did, but I wouldn't be sure. I believe we had sheets made out one time where, when anybody made an application we could fill that out, and some [illegible] were filled out when they were presented to [illegible] approved. And I think I did, but I wouldn't guarantee. All right. Now, we have been presented the [illegible] have you got those sheets, Mr. Weir? No, no, the inspection sheets, the counts. Does anybody know who [illegible] number is?

MR. BROWSE: These are the ones.

THE CLERK OF THE COURT: These are the ones.

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THE CLERK OF THE COURT: Monthly statement--

THE COURT: No, no----

MR. WEIR: It is the one Mr. Williams--

THE COURT: It was Mr. McLean, wasn't it?

MR. WEIR: I thought you were referring to the cattle count.

COURT: I am, cattle counts where they were

about, if that helps.

THE COURT: All right.

MR. WEIR: Your Honour, it wasn't that group that Mr. Williams introduced of the cattle counting that, remember when he introduced those photostats of cattle---

THE COURT: No, no, they weren't photostats, there was a file of counts, a form.

MR. PROWSE: The Royal Bank..

THE COURT: No, no, there was a form that was set up that teams went out and made the counts, and each count is on a form. Number of cattle, condition of cattle, whether they were branded, and it is an exhibit.

MR. PROWSE: It's not, Mr. MacLean never introduced any exhibit.

THE COURT: No, well, somebody did.

MR. WEIR: Mr. Williams, I believe, introduced something, on the first day, Your Honor.

THE COURT: A 19, please.

MR. MOSCOVICH: Yes, it's A 19, all right.

THE COURT: Fine.

Q Now, we are referring to Exhibit A 19. Have you ever seen forms like that, Mr. Anderson?

A Yes.

Q Now then, were they in use before the middle of July of this year?

A To my knowledge, these, I understood, were made up by the

ejm , if that helps.

THE COURT: All right.

MR. WEIR: Your Honour, it wasn't that that Mr. Williams introduced of the cattle, something I remember when he introduced those documents.

THE COURT: No, no, that weren't what there was a file of counts, a form.

MR. PROWSE: The Royal Mana.

THE COURT: No, no, there was form set up that teams went out and made the count is on a form. Number of cattle, conditions of cattle, whether they were branded, and it ... MR. PROWSE: It's not. introduced any exhibit.

THE COURT: No, well, summary a

MR. WEIR: Mr. Williams, I believe dumped something, on the first day, Tony Moses.

THE COURT: A 19, please.

MR. MOSSOVICH: Yes, it's A 19, all right.

THE COURT: Fine.

Now, I am referring to Exhibit A 19. Have you ever seen forms like it, Mr. Anderson?

[illegible] was before I [illegible] of July 62

auditors for this very purpose.

Q And such a form was never in use prior to that time?

A Not that I ever used.

Q All right, fine. So that there was no written record into the office at any time as to the number and condition of of cattle and feeding operations?

A Not in that respect, no.

Q I see. All right, thank you. Anything else?

Fine, thank you very much, Mr. Anderson.

(WITNESS STANDS DOWN)

MR. PROWSE: Did you wish to adjourn for a few minutes right now?

MR. MOSCOVICH: That's a good idea. If Mr. Snow is agreeable, we usually quit at quarter after 11. We'll adjourn now, for 15 minutes.

(15 MINUTE ADJOURNMENT)

MR. WEIR: Your Honour, My Learned Friend, Mr. Prowse, would like to have Mr. Anderson recalled to ask him a few more questions.

THE COURT: Is Mr. Anderson still here?

MR. ANDERSON RE-ENTERS THE STAND:

THE COURT: You're still under oath, Mr. Anderson.

MR. PROWSE:

Q Mr. Anderson, could you tell us what you know of the

tors for this very purpose.

And such a form was never in use prior to that time?

Not that I ever used.

All right, fine. So that there was no written record the office at any time as to the number and condition of cattle and feeding operations?

Not in that respect, no.

I see. All right, thank you. Anything else?

Fine, thank you very much.

Mr. Anderson.

(WITNESS STANDS DOWN)

MR. PROWSE: Did you wish to adjourn for a few minutes right now?

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(15 MINUTE ADJOURNMENT)

MR. WEIR: Your Honour, My Learned Friend, Mr. Prowse, would like to have Mr. Anderson recalled to ask him a few more questions.

THE COURT: Is Mr. Anderson still here?

R. ANDERSON re-ENTERS THE STAND:

THE COURT: You're still under oath, Mr.

Pereverziff account?

A Yes, I can tell you somewhat what I do know of it. Apparently, from the information that I got, Mr. Pereverziff had drawn advances from the Association and owed them amounts of money, which I didn't know, and wasn't, had so many people after him that he wasn't paying any of it back, so Mr. Hatch talked with him, I don't know all of the details, except that he set him up on a basis of a salary, him and his driver, and made me the, I was taking care of his books, and looking after it, and helping him out a little bit in order that, they were trying to get him squared away where he could start re-paying the association the money that he owed them.

Q Now, Mr. Anderson, this Pereverziff account originally started out with a sheep deal, did it?

A I'm sorry, I couldn't tell you.

Q You never had anything to do about him---

A No, how it started, I have no idea.

Q But, in any event, you were the bookkeeper for this Pereverziff transaction?

A That's right, yes.

Q Now, what did you receive for that?

A $35.00 a month.

Q And who paid you that?

A It came out of the, as the expenses, the same as his salary and the others did. I did these books after hours, and any

Peveraeff account?

Yes, I can tell you somewhat what I do know of it. Apparently, from the information that I got, Mr. Peveraeff had drawn advances from the Association and owed them of money, which I didn't know, and wasn't, had so many people after him that he wasn't paying any of it back. Mr. Hatch talked with him, I don't know a

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You never had anything to do about him---

No, how it started, I have no idea.

But in any event, you were the bookkeeper for this Peveraeff transaction?

That's right, yes.

Did you receive for that?

No, I don't recall.

other time that I was called upon, plus anything else connected with it.

Q And what did Mr. Hatch get from Mr. Pereverziff?

A Nothing, to my knowledge. I had this for just about one year, and there was, to my knowledge, nothing made out to Mr. Hatch, at all.

Q Now, would you sign the association cheques for payments on the, for Pereverziff?

A No, it was a separate account, altogether. It was a separate set of books, a separate account, and ---

THE COURT: No, but for the cheques from the Association to Pereverziff?

THE WITNESS: This, I couldn't tell you.

MR. PROWSE:

Q You don't know whether you ever signed any cheques?

A I signed quite a few cheques, and they were counter signed by the office manager and the supervisor, and I couldn't tell you whether my name is on them or not.

THE COURT: Well, Mr. Anderson, you say Mr. Pereverziff was on a salary basis?

A When we, yes, when, they set it up that way.

THE COURT:

Q Yes. And when was that set up?

A Oh---

Q If you can think of it?

A I would be guessing, but I think it was in, just after the

Over time that I was called upon, plus anything else connected with it.

And what did Mr. Hatch get from Mr. Perseverantz?

Nothing, to my knowledge. I had this for year, and there was, to my knowledge, nothing more to Mr. Hatch, at all.

Now, would you sign the association cheques? on the, for Perseverantz?

No, it was a separate account, altogether. It was separate set of books, a separate account, and ---

THE COURT: No, but for the cheques from Association to Perseverantz?

THE WITNESS: Yes.

MR. PROWSE:

You don't know whether you ever signed any cheques? I signed quite a few cheques, and they were counter signed by the office manager and the supervisor, and couldn't tell you whether my name is on them or no.

THE COURT: Well, Mr. Anderson, you say Mr. Perseverantz was on a salary basis?

When we, yes, when, they set it up that way.

THE COURT: What set up?

first of the year. It seems to me it was February or March, two years ago this February or March.

Q That would be 1963?

A Somewhere right in that neck of the woods, I would guess.

Q Now then, you say he was paid a salary and his driver was paid a salary. In what form was the cheque made payable, and to whom?

A Through the, just like you make it out to anybody else, to them.

Q Well, to them, you say, to who?

A To John Pereverzoff and Don Coutts, was the two drivers. John was on a salary just like his driver was, and---

Q Well, where is there anything, I'm starting in March of 1963, would you say, and if, this is starting in March, 1963 John Pereverziff, and you turn it around and continue on.

A Yes.

Q Can you see anything in that account charged to Mr. Pereverziff in the way of cheques, that you could think of that was salaries or anything?

A No. You must be getting me wrong. When Mr. Hatch and Mr. Pereverziff set this up.

Q Yes.

A It was set up with his own books, just as if my company was different than yours, and he received a salary out

first of the year. It seems to me it was February or March, two years ago this February or March.

What would be 1963?

Somewhere right in that week of the woods, I would guess.

Now then, you say he was paid a salary and his duty was paid a salary. In what form was the income payable, and to whom?

Through the, just like you make it out to anyone, yes, to them.

Well, to them, you say, to whom?

To John Perevercoff and Don Curtis, was the two drivers John was on a salary just like his driver was.

Well, where is there anything, I'm starting in March of 1963, would you say, and it, this is starting in March, 1963 John Perevercoff, and you turn it around and continue on.

Yes.

Can you see anything in that account charged to Mr. Perevercoff in the way of cheques, that you could claim of that was services or anything?

No. You must be getting me wrong. When Mr. Hatch and Perevercoff set them up.

of the----

Q Pereverziff books?

A Yes, and the rest of it stayed in his---

Q Well, where did Pereverziff get his money, that's the point?

A For, well, for his trucking, he was trucking.

Q For other people?

A Anybody that would hire him.

Q For anybody that would hire him. And just let me look at this again, then. So that from March, 1963, he was trucking for anybody that would hire him.

A Well, from the time he got his trucks, he---

Q Yes. When you became the bookkeeper?

A Yes.

Q All right. Now then, let's look at this. On the 22nd of March, Industrial Acceptance had a cheque for $400.00. On the 29th of March Central Livestock Cartage---who are they?

A Central Livestock Cartage, that was the name of his firm.

Q Firm.

A Central Livestock Cartage.

Q Well, they got a nice little cheque for $3,000.00. On April the 5th, the Holding Pens were charged for $2,068.00. Would that be for trucking for the Association, do you think?

A I'd only be guessing.

'of the---

Peterovsky's books?

Yes, and the rest of it stayed in his---

Well, where did Peterovsky get his money, that's the point?

For, well, for his trucking, he was in

For other people

Anybody that would hire him.

For anybody that would hire him. And just in [illegible] this again then. So that from March, 1963,

trucking for anybody that would hire him.

Well, from the time he got his trucks.

Yes. When you became the bookkeeper?

Yes.

All right. Now then, let's look at this. In the Grand Marsh, Industrial Acceptance had a cheque for $4[illegible] the 29th of March Central Livestock Cartage---who are they?

Central Livestock Cartage, that was the name of his firm. Firm.

Central Livestock Cartage.

Well, they got a nice little cheque for $1,803.0[illegible], on [illegible] 5th. The [illegible] ding Pens were begun for [illegible] for the Association.

Q Well, then do you know what Waterous Equipment got $2,090.21 for?

A I think I can tell you that, yes. I believe that it was a matter of, if I remember correctly, they had done quite a bit of work on one of his trucks, and the trucks were going to be seized unless it was paid off, and I believe that is the firm, Waterous, I believe, it sticks in my mind that that is who it was.

Q Well now, a cheque to self for $2,092.00, that would be to Mr. Pereverziff, personally?

A I would imagine.

Q That's on the 30th of April. Then on the 16th of May, Central Livestock Cartage got another cheque for $2,400.00, and that would go into your books that you were looking after, and be disbursed then into payments--

A Probably was deposited to his account. I remember that in order to start, when he came to Mr. Hatch, if I remember correctly, he had a number of bills that had to be paid off immediately or his trucks were going to be seized, and he advanced him some money on that, and it went in there and we started from there.

Q Well, those two cheques total $5,400.00, besides the $2,093.00 that he got, himself, plus the $2,090.00 that went to Waterous, so that's 5,7,9,11, and acceptance is $400.00, that's just about $12,000.00, and of course from March the 22nd to May the 16th, and you say the

Well, then do you know what Waterous Equipment got $2,090.00 for?

I think [illegible] can tell you that, yes. I believe that is one matter of, if I remember correctly, [illegible] some quite a bit of work on one of his trucks, and he were going to be seized unless it was paid. [illegible] believe that is the firm, Waterous, in my mind that that is who it was.

Well now, a cheque to self for $2,072.00, [illegible] to Mr. Perseverait, personally, I would imagine.

That's on the 20th of April. Then on Central Livestock Services got another [illegible] $2,400.00, and that would go into your were looking after, and be disbursed then. [illegible] Probably was deposited to his account. [illegible] In order to start, when he came to Mr. Hatch, remember correctly, he had a number of bills to be paid off immediately or his trucks were going be seized, and he advanced him some money on that, and it went in there and we started from there.

[illegible] Those two cheques total $5,400.00, besides the [illegible] 17, plus the $2,090.00 [illegible] 9,11, and accountings [illegible] 1.00, and of course [illegible]

association was bailing him out?

A This is what I understood, that they were trying to keep him going because he owed them money , also.

Q Don't you think it's a bit queer for a feeders association to be using farmers' money for the purpose of assisting a trucker who was in terrible shape?

A I would say so, Yes.

Q All right, fine, thank you.

MR. WEIR: Thank you, Mr. Anderson.

(WITNESS STANDS DOWN)

MR. WEIR: Mr. G. H. Houlton, please.

THE COURT: H. G., I think.

MR. WEIR: I'm sorry, H. G.

HAROLD GEORGE HOULTON, having first been duly sworn, examined by Mr. Weir, testified as follows:

THE COURT: Now, Mr. Houlton---

MR. MOSCOVICH: Is there a chair for him?

THE WITNESS: That's all right.

THE COURT: Oh, I think you shouldhave a chair. In fact, if you want to sit down there, as long as you speak out so Mr. Snow can hear you. You go ahead and sit down at the table, but speak out so we can all hear you.

MR. WEIR:

Q What is your name?

association was holding him out?

This is what I understood, that they were trying to keep him going because he owed them money , also.

Don't you think it's a bit queer for a reputed association to be using 'reserve' money for the purpose of sustaining a trucker who was in terrible shape?

I would say so, Yes.

All right, fine, thank you.

MR. WEIR: Thank you, Mr. Anderson.

(WITNESS STANDS DOWN)

MR. WEIR: Mr. G. H. Houlton, please.

THE COURT: H. G., I think.

MR. WEIR: I'm sorry, H.

HAROLD GEORGE HOULTON, having been duly sworn, examined by Mr. Weir, testified as follows:

THE COURT: Now, Mr. Houlton---

Mr. MOSCOVICH: Is there a chair for him?

THE WITNESS: That's all right.

THE COURT: Oh, I think you should have a chair. In fact, if you want to sit down there, as long as [illegible] let's out [illegible] Now can hear you. You go ahead and [illegible] but sps do out so we can all h[illegible]

A Harold George Houlton, H-o-u-l-t-o-n-, commonly known as Steve.

MR. MOSCOVICH: I was wondering how you got Steve out of H. G.

THE WITNESS: It's a long story, 50 or 60 years old, so I guess we won't go into it, Max.

MR. WEIR:

Q Now, how long were you the President of the Board of Directors of the Lethbridge Central Feeders Association?

A Since 1951. Mind you, I was on the Board of the Central Feeders since its inception, and I was also on the Board of the Chinook Feeders before it became Central Feeders, and on the Board of Lethbridge Feeders Association, which was a Government sponsored association, before that time, so we date back approximately 30 years.

Q Would you please tell me what happened, perhaps a lot of the other people in the room know the circumstances when the name was changed from Chinook Feeders to the Lethbridge Central, I understand there was actually an amalgamation of several small feeders associations, or something. Would you tell us more about that, Mr. Houlton?

A Yes, I will.

Perhaps, about 30 years ago, somewhere back in the middle of the thirties, we were, at that time the farmers were organized into small feeder associations, such as the Magrath Feeders

Harold George Moulton, H-o-u-l-t-o-n-, personal, known as Steve.

MR. MOSCOVITCH: I was wondering how you got Steve out of H. G.

THE WITNESS: It's a long story, I'm as old, so I guess we won't go into it, Max.

MR. WEIN:

Now, how long were you the President of the Board Directors of the Lethbridge Central Feeders Association since 1951. Mind you, I was on the Board of Central Feeders since its inception, and I was also on the of the Ohlmook Feeders before it became Central Feeders and on the Board of Lethbridge Feeders Association, was a Government sponsored association, before that so we date back approximately 20 years.

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Perhaps, about 30 years ago middle of the thirties, we were, amalgamated into [illegible]

Association, Cardston Feeders Association, Lethbridge Feeders Association, and Vauxhall, and so on, and these associations were receiving, through the banks, possibly $100,000.00 between 20 members. About 20 members made up an association. And the reason for that, of course, is that they, the loans were guaranteed for a 10 or 15 % loss by the Government to the banks. As you know, that is of a help out situation in the thirties when feed was worth so little, and cattle were worth so little, and we were having a difficult time in getting by with our farming operations, as everyone knows.

As prices got better, up towards the forties, the price of cattle went perhaps from about 2½ to 3¢ a pound for feeder cattle in the early thirties, up to about 7 or 8¢ a pound in the matter of about 5 or 6 years, and it was very necessary for us to have more money. So we went to the banks and asked them if they would back a new association with a $500.00 membership for larger amounts of credit, and they couldn't do it here in the city but they did arrange for to have a man up from Winnipeg, a banker whom we met, and we started out with Chinook Feeders and they gave us much higher credits, larger credits than we had been enjoying, but the membership into the association was $500.00, and the rules at that time, it has been changed, as many of them have down the line, that you couldn't

Association, Omaheen Feeders Association, Leinbridge Feeders Association, and Vauxhall, and so on, but these associations were receiving, through the banks, possibly $100,000.00 between 20 members. About 20 members made up an association. And the reason for the [illegible] is that they, the loans were guaranteed for [illegible] 15% loss by the Government to the bank. [illegible] that is of a help out situation in the [illegible] feed was worth [illegible] Lethbridge, and cattle was [illegible] Lethbridge, and we were having difficulty [illegible] by with our farming operations, we everyone [illegible] [illegible] [illegible]

come in for one year and take your membership and get out. You came in and you paid your $500.00, which entitled you to $5,000.00 of credit, and any credit you got over that you signed a note for, which was charged up, of course, to the cattle, and was hypothocated to the bank. However, if you wished to withdraw from the Association after the first year, and to make sure that we was going to have some continuity and that they could get in and out, we made this stipulation on this part of the contract, that if you only fed one year and you wanted to get out, all you took out with you was $100.00 of your membership. If you had two years and got out you took $200.00, and so on.

Q You just lost that other portion to the association, I take it?

A Yes.

Q For example, you would never get the other $400.00 back if you left after the first year, then?

A No, that would be lost to the association.

Q Yes.

A But, incidentally, we didn't have any that took advantage of that, and from 18 members the first year we grew quite rapidly in the last few years, and because of the pressure of the other smaller assocations to come into the larger association to enjoy more credit, so they came in with us and all these smaller associations, not all of them,

come in for one year and take your membership and let me
come in and you paid your $100.00, which
to $5,000.00 of credit, and any credit you no
you signed a note for, which was
to the cattle, and was hypothecated to
if you wished to withdraw from the Asso
first year, and to take some of
some continuity and that they on
made this stipulation in this con
if you only fed one year and
you took out with you was 3100
you had two years and got out ye
on.

You just lost that other portion
take it?

Yes.

For example, you would never get the
if you left after the five years, then?

No, that would be lost to the association.

Yes.

Now, incidentally, we didn't have any
, and from 18 members the first year we
lot
and because of the pressure

and not all of the members, but those members who were passable and could come in and was accepted according to their feeding ability, and their bank statements, and all the rest of it, we took them into the Association and then we changed the name into Lethbridge Central Feeders, from Chinook Feeders to Lethbridge Central Feeders.

Q These smaller ones operated out of the same office, or some of them did operate out of the same office, did they?

A For a very short time.

Q I see.

A So that what happened here, what we were striving for was to get one over all manager, and perhaps one supervisor with a buying authority to do away with the proposition of many, many farmers competing against each other to buy cattle.

Q Yes.

A And it worked out very well.

Q Yes. Mr. Houlton, I'm going to now ask you a series of questions from the notes made on the minutes. You have the minutes in front of you there in that exhibit on the table, if you would like to refer to the specific minutes, themselves, at any portion, I would like you to do so.

A Yes.

Q I am now away back in 1957, and I see that---

THE COURT: What date?

MR. WEIR: This is a meeting of September the 18th, 1957. I see that therewas a motion and it

and not all of the members. But those members who were possible and could come in and we accepted account of their feeding ability and their bank statements, and the rest [illegible] we took them into the association and we conveyed the rate into Lethbridge [illegible] Chinook Western to Lethbridge Central.

Q These auctions were operated out of the [illegible] some of them are outside the [illegible] of the [illegible]

A For a very short [illegible] see.

A So that what happened was [illegible] that we to get one over all [illegible], and p[illegible] with a buying center [illegible] of many, many farmers [illegible] buy cattle.

Q Yes.

A And it worked out very well.

Q Yes. Mr. Horlton, I'm going to now ask you a questions from the notes made on the minutes [illegible] the minutes in front of you there in [illegible] table, if you would like to refer to the possible [illegible] any position, I would like you to [illegible]

was passed with regard to a discontinuance of the advances to members of staff, and outstanding balances were to be collected on a reasonable basis so as not to presumably embarrass any of the members of the staff.

Now, why did the Board decide to take this step?

THE COURT: September the 18th, was it?

MR. WEIR: Yes, September the 18th, 1957.

THE WITNESS: Would you---

THE COURT: Well, I will read you the resolution, Mr. Houlton, if you like.

THE WITNESS: Yes.

THE COURT:

"Moved by Mr. Dow the advances to staff be discontinued and outstanding balances collected on a reasonable basis so as not to embarrass."

Q Do you see September the 18th?

A I can see November the 18th.

Q September the 18th.

A I don't see any here.

Q That book starts in 1957.

A October the 18th---

Q Well, go back to September.

A Yes, September the 18th, 1957.

Q All right, at the bottom of the page there.

A Yes. "the market situation was fully discussed---"

was passed with regard to a [illegible] to members of staff, and outstanding [illegible] collected on a reasonable basis [illegible] embarrass any of the members of [illegible]

take this step?

THE COURT: [illegible]

MR. WHIR: [illegible]

THE WITNESS: [illegible]

THE COURT: [illegible]

resolution, Mr.

THE WITNESS: [illegible]

THE COURT:

"Moved by Mr. [illegible]

and outstanding balance

begin so as not to make [illegible]

Do you see September the [illegible]

I can see November the 14th.

September the 18th.

I don't see any date.

The book starts in 1929.

Is that the one---

Q No, no, the motion by Mr. Dow.

A Oh, by Mr. Dow, September the 18th, 1957, Mr. Dow.

These arethe minutes, Your Honour, September the 18th, 1957.

Q These look mixed up.

MR. MOSCOVICH: Did you mix them up, Mr. Prowse?

MR. PROWSE: No,they were mixed up last night, Your Honour. That motion is in there---

THE COURT:

Q Well, do you remember the motion, Mr. Houlton?

A I couldn't remember it unless I saw it, Your Honour. I mean to say, to remember a motion that was passed at that time I will have to have it repeated to me. If I could see it down in black and while perhaps it will recall.

MR. WEIR: Well, this is exactly, the motion that was just read to you by Judge Turcotte came from the minutes and this is the---

A "Advances to staff be discontinued."

Q Yes.

A "And outstanding balances to be collected on a reasonable basis so as not to embarras."

I can't truthfully say, Your Honour that I do remember that resolution. I do remember a situation---

Is that the one---

A. No, the motion by Mr. Dow.

Q. By Mr. Dow, September the 12th, 1957. Mr. Dow

Phase small. Phase. Your honor

September 12th, 1957.

Q. Where look maps up.

MR. MOSKOVITCH. Did you say

MR. PROWSE: No, I'm

Your Honour. motion 53 in

THE COURT:

Q. Well, do you remember the motion.

A. I couldn't remember it unless

Mean to say, to remember a motion that was

time I will have to have it recounted

see it down in black and white perhaps. Well,

MR. WEIR: Well, this is

motion that was just read to you by Judge Thomson

from the minutes and this is the---

"Advances to start be discontinued."

Q. Yes.

"And outstanding balances to be collected on a reasonable

basis by a subcontrac."

can't trustfully Your Honour

resolution. I

THE COURT:

Q Well, that's what we are talking about, the situation.

A Yes, I remember a situation before that when some drawings had been made, over-drawings by the supervisor, or, had allowed that to the staff, and we said this was to be paid back, and it wasn't to be continued, and, but that was at an earlier date, I think. Seems to me it must have been at an earlier date than that.

I don't recall this thing at this time, but there's no doubt, I'm not reputing it, that it did take place, and there's no doubt in my mind that that is the meeting of a resultion that very likely was passed at that meeting.

MR. WEIR:

Q Well, when I read the resolution I gathered that the Board had decided that advances to staff did not seem to be the proper thing to be done and they wanted to have it discontinued. Is this a reasonable assumption?

A Well, that was our attitude, and always has been. There was never any authority given for advances to the staff, as far as I remember.

Q So that's why the resolution would have been passed?

A That is why the resolution, perhaps, was passed.

Q And the final portion of it, you didn't want to have them collected right away, presumably wasn't to embarrass anybody immediately on an immediate collection?

Well, that's what we are talking about, the signal.

Yes, I remember a situation before that when some drawings had been made, over-drawing by the supervisor, or, had allowed that to the staff, [illegible] to be paid back, and it wasn't [illegible] but that was at a earlier date. I think [illegible] have been at a earlier date than that.

I don't recall

time, but there's no [illegible], I'm not [illegible] did take place, and there's no doubt in my mind is the meeting of a resolution [illegible] at that meeting.

MR. WEIR:

Well, when I read the resolution [illegible] Board had decided that advances to stair [illegible] be the proper thing to be done and they wished [illegible] discontinued. Is this a reasonable assumption

Well, that was our attitude, and always has been. [illegible] never any authority given for advances to the staff, as far as I remember.

[illegible] that's why the [illegible] solution would have been passed [illegible] the resolution, perhaps, [illegible] person.

[illegible] man didn't want to have [illegible] made to [illegible]

A Well, we will say, perhaps, sir, not to embarrass financially. We knew their limitations of being able to pay back what they had---

Q Yes. Well, when I read this particular resolution I was then immediately wondering about the thinking of the members of the Board of Directors when the application of Riverview Farms was made.

Now---

THE COURT: What date?

MR. WEIR:

Q Now, this was on February the 13th, 1961. There was discussion about Riverview Farms, and this is from the minutes "application for credit of $5,000.00--Approved--Keeler and Stevens."

So I presume that the Board members, Keeler and Stevens, moved that the account of Riverview Farms, or at least the application of Riverview Farms be accepted.

Now, was it realized by the Board at the time that Mr. Hatch was involved in this particular account?

A I was going to ask you, that Riverview Farms, it doesn't strike any bell, Riverview Farms, not to me.

THE COURT:

Q You don't know who Riverview Farms is?

A No, not, Your Honour, not at this time, unless I have some-

Well, we will say, perhaps, sir, not to embarrass financially. We knew their limitations of being able to pay back what they had---

Yes. Well, when I read this particular resolution I was then immediately wondering about the thinking of the members of the Board of Directors when the application of Riverview Farms was made.

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THE COURT: What date?

MR. WEIN:

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Now, was it realized by the Board at the time that Mr. Hatch was involved in this partnership account?

I'm going to ask you, that Riverview Farms, it doesn't be any bell Riverview Farms, not to [illegible]

thing to, I don't remember the name, sir, Riverview Farms.

Q Well, do you remember Mr. Hatch's father dying?

A Yes.

Q Tom Hatch?

A Yes.

Q And the ranch was carried on by the estate afterwards?

A Yes. Well, I understood that.

Q Yes, and did you have no knowledge whatever that---

A Not that it was the Riverview Farms.

Q Now, wait a minute, just listen to the question. Did you have no knowledge whatever that the estate, through Mr. Hatch, was borrowing money from the Association for the purpose of feeding cattle?

A No, I can't say that I did, Your Honour. I had no knowledge of a--- Now, this application for Riverview Farms that you have read in those minutes just now.

MR. WEIR:

Q Yes.

A Is something that was passed all right, no doubt, but just what it was related to, I didn't know atthe time.

Q Well, according to the minutes, you were present at that particular meeting?

A Yes, yes.

Q Well now, how could you approve the account without knowing who's running the farm?

thing to. I don't remember the name, sir, Riverview Farms.

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Q Tom Hatch?

A Yes.

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MR. WEIR:

Q Yes.

Is something that was passed all right, no doubt, but just what it was related to, I didn't know at the time. Well, according to the minutes, you were present at that particular meeting?

A Well, there's no doubt, there's no doubt---I didn't know who was renting the farm, I didn't know anything about that situation. I mean, this was a name given, there was nobody's name attached to it, and I suppose it just went over my head, but I have no doubt that the board, the other Directors knew, especially those who moved the resolution, they would know.

Q Well, would it not be discussed before it was passed? Surely---

A It must have been.

Q Surely the names would have been mentioned before you would call a vote on whether or not you would accept Riverview Farms?

A Well, this is something that just, perhaps---the fact there is no name on there of any one man, of River farms, or I might have known about this, and perhaps I did, and it was discussed, there's no doubt about that, but I didn't associate with the Hatch Farm, or with Mr. Hatch's estate

THE COURT:

Q So you didn't know that Mr. Hatch had anything to do with the Riverview Farms?

A Well, I knew that he was a son of Tom Hatch, and about the operation of the farm, I wouldn't know. I learned sometime later some cattle went down there that Mr. Hatch bought through the Association, or if not through the Association from an acquaintance of mine that had sold cattle to Mr.

oil, there's no doubt, there's no doubt--I didn't know

renting the farm. I didn't know anything about

that situation. I mean, this was a name given, there was

nobody's name attached to it, and I suppose it

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Surely---

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Surely the name would have been mentioned before

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I might have known about this, and perhaps I did, and it

was discussed, there's no doubt about that, but I didn

associate with the Hatch Farm, or with Mr. Hatch's farm

THE COURT:

So you didn't know that Mr. Hatch had anything to do with

Riverview Farms?

A I knew that he was a son of Tom Hatch, and about

that--- I don't know, I learned

from there that I

am

Hatch, and whether they went through the Association there, I can't say.

Q That wasn't the cattle dealer---

A I beg your pardon?

Q Wasn't---

A No, it was Mr. Luco's cattle.

Q Well, what happened, Mr. Houlton, when an application was made? Didn't theBoard of Directors go into the matter very carefully whether a person was entitled to many, how much cattle he was going to feed, whether he had feed, whether he owned the farm, what his financial statement was?

A Yes, Your Honour.

Q And you say as far as Riverview Farms is concerned, you don't remember it, at all?

A Well, what I am trying to say here is this, any application that came through, came through with a bank statement, and this was filled out as to the assets of the applicant, as to the amount of feed that he had on hand, the location, and the fact that he was the land owner. You must be an owner ofthe land, or of land, or of a farm, and if you weren't and you applied for credit, then, of course, you had to have the signature of the owner of the land on the application, but this was the rules for getting in, or for being considered, and after this was considered the man was to be inspected, that the feed was there, and that the land was---

Q Who would do the inspection?

... Oh, and whether they went through the Associat[illegible] there,
I don't [illegible].

That wasn't the cattle dealer---

I beg your pardon?

Wasn't---

No, it was Mr. Lincoln cattle.

Well, what happened, Mr. Houlihan, when an application
under Diff'l theboard [illegible] Directors no [illegible] in [illegible]
carefully whether a person was entitled to ner[illegible]
cattle [illegible] was going to feed,
he owned the farm, what his financial statement was
Yes, Your Honour.
And you say as far as Diversion Farms is concerned
don't remember it, is it?
We--, what I am trying to say here is [illegible] [illegible]
that came this way, came through with a [illegible] [illegible]
this was filled out as to the assets or the liabilities, as
to the amount of feed that he had on hand, the location,
and the fact that he was the land owner. You must be an
owner of the land, or of land, or of a farm, and if you
were [illegible] and you applied for credit, then, of course, you had
to [illegible] ve the signature of the owner of the land or the
[illegible] cattle, but it was the rules for getting in, or
[illegible] after this [illegible] considered
[illegible] there.

A Well, mostly the supervisor,and sometimes the Board of Directors.

There was many times the members of the Board were asked,if it was in their area, to go and make sure that this farm is all right, and come back with a recommendation, and that was the policy, to make sure that what was said on the bank statement was true, but sometimes, of course, the supervisor and the crew, that is the buying crew, Mr. Hatch, or Mr. Nilsson, or perhaps Mr. Anderson, anyone may be named, but I would very often name someone from the Board to go and inspect this area, or this farm, or this application.

Q Go ahead, Mr. Weir.

MR. WEIR:

Q Mr. houlton, the next item that interested me was May the 16th, 1958. I notice that a fourth car was okayed.

Now, there have been certain suggestions that have been made to me about some of the automobiles that were rented by the Association for employees.

How many cars were so rented by the association, and allowed to be used by members of the staff ofthe Association?

A Well, we did have one for Mr. Hatch, and one for Mr. Nilsson, one for Mr. Anderson, one for Mr. Peterson, and one for Mr. Smith, and as we took on another man, why, we would allow a car to be rented through the rental agencies for

11, mostly the supervisor, and sometimes the Board of Directors.

There was many times the requests of the Board were asked, it is was [illegible] cases to [illegible] and make sure that this firm [illegible] [illegible] come with a recommendation, and that was [illegible] sure that we was said to the bank [illegible] but nominees. I course the [illegible] is the buying crew Mr. [illegible] or [illegible] [illegible] Mr. Anderson, anyone [illegible] [illegible] name someone from the firm [illegible] or this firm, or this [illegible] local.

Go ahead, Mr. Weir.

MR. WEIR:

Mr. Houlton, the next item that interested me [illegible] 1971, 1958. I notice that a fourth [illegible] [illegible] now, there have been certain expenditures that have been made to me about money? automobiles that were rented by the Association or employees.

How many cars were to rented by association, and allowed to be used by members of the Association?

him.

Q What about Mr. Sucher, did he have a car?

A I don't remember the exact permission for to rent a car for Mr. Sucher, or whether it was presented to the Board, at all. I don't remember that being done.

Q Well, there have been suggestions that certain cars were rented that did not really seem to be necessary. The employees were simply in the city and they didn't really have to drive outside the City of Lethbridge at any time on business?

A I think that the only cars, let's say, that were really justified, were the cars for the buyers, for the four cars, and it might be that a car to run back and forth on a settlement to the holding pens at times, and perhaps five cars might have been necessary. This is something that we didn't examine very thoroughly, but it must be there too, that just about the time this dissatisfaction was taking place amongst the, let us say in the auditor's books, or the auditors, or the bank, or whoever was thinking about these things, we were thinking about them too, and there's no doubt in my mind that a lot of things would have come to light without us being reminded of it if this thing had gone on for another few months.

I had many things which I wanted to bring up before the next meeting of the Board to what figured might be just extravagances.

Q No, but I mean, in connection with the cars, this was

What about Mr. Sucher, did he have a car? I don't remember the exact permission for for Mr. Sucher, or whether it was presented at all. I don't remember that being done. Well, there have been suggestions that permitted that did not really seem to be here employees were safely in the city and may have to drive outside the City of Detroit on business?

I think that the only were, well, say, that justified, were the cars for the buyers, and it might be that I can to find some settlement to the loading pens at times, cars might have been necessary. This is so we didn't examine very thoroughly, but too, that just about the time this disaster taking place amongst the, let us say, or the auditors, or the bank, or whoever, as this these things, we were thinking about them too, no doubt in my mind that a lot of things would go to light without us being reminded of it if this had come on for another few months.

discussed and okayed to be good practice to rent this number of cars for the staff?

A Yes, generally. I would say generally, without pinpointing them all I would say yes.

Q Would the employees renting these automobiles have to pay any separate allowance to the Association if they were going on vacation with the company cars, let us say, down to Mexico?

A Not to my knowledge.

Q They didn't have to pay any special allowance for them?

A Well, there was no stipulation that they had to pay for the use of the cars off the job.

Q Yes.

THE COURT:

Q Were the rental fees so much a month, or so much a mile?

A So much a month, Your Honour.

Q So much a month.

MR. WEIR:

Q Now, the next meeting that I made a specific ---No, in that particular meeting of May the 16th, 1958, there was a proposition of Noel Brandley's, regarding 150 steers, I gather. Now, there were several other meetings where this was discussed, and I see that ultimately Mr. Brandley was asked to put up one third of the money, and two thirds of bank money. Now, would you---

Q: you and and stayed to be good practice to rent the number of cars for the staff?

Yes, generally. I would say generally, without pinpointing them all I would say yes.

Would the employees renting these automobiles have to pay any separate allowance to the Association if they were going on vacation with the company cars, let us say, say to Mexico?

A Not to my knowledge.

Q They didn't have to pay any special allowance to

Well, there was no stipulation that they had to pa the use of the cars off the job.

Q Yes.

THE COURT:

Q Were the rental fees so much a month, or a month - mile

A So much a month, Your Honour.

Q So much a month.

MR. WEIR:

Now, the last meeting that I made a specific --Now, in that particular meeting of May the 16th, 1958, there was opposition of Noel Hemmelgarn, regarding 150 cars, other. Now, there are several other meetings where this ... I

THE COURT: Well, Mr. Weir, that transaction turned out wonderfully. Mr. Brandley made money. He paid back the association's indebtedness, and the association gave him a cheque.

I think you will find that to be the case. He had a $5,000.00 cheque to himself at the end, Unless you want to show that Mr. Brandley's deal at that time worked out very good.

MR. WEIR: Well, that is the only point I was going to make, Your Honour, that the Brandley account at that particular time was discussed, and certain arrangements were made.

Q Now, we have it for the record, by Judge Turcotte--

THE COURT: My memory of the ledger card in the discussion, at that time---

MR. WEIR: Yes, I--

THE COURT: And I have a note there, "see ledger for super-excellent results, September to December, $9,000.00 debt paid, and $5,000.00 cheque to Brandley."

MR. WEIR: I recall that it was quite a good deal, as well, Your Honour.

MR. MOSCOVICH: I'm glad to hear that.

MR. WEIR:

Q Now, I have another note in connection with the Brandley account, that in your meeting of May the 15th, of 1963,

THE COURT: Well, Mr. Weir, that transaction turned out wonderfully. Mr. Brandley made money. He paid back the association's indebtedness, and the association gave him a cheque.

I think you will find that in the case, He had a $5,000.00 chequ to himself it the - Unless you want to show that Mr. Brandley's deal at that time worked out very good.

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MR. WEIR: Yes, I--

THE COURT: And I have a note there, "Bew ledger for super-excellent results, September t December, $9,000.00 debt paid, and $5,000.00 cheque a Brandley."

MR. WEIR: I recall that it was quite a good deal as well, Your Honour.

the supervisor reported to the Board on the picture of the Brandley account as a result of difficulty which Mr. Noel Brandley had gotten into.

Now, I take it that, as a result of that, that the meeting actually discussed the letter that both you and Mr. Hatch signed that was dated April the 19th, that was sent to Mr. Bradstock, and marked as Exhibit D 3, is that correct?

THE COURT: Probably you could let him sit and look at that letter for a little while, and read it, and--- What is the date of the meeting?

MR. MOSCOVICH: May the 15tn---

MR. WEIR: May the 15th.

THE COURT: 19---

MR. WEIR: 63.

MR. MOSCOVICH: 63.

MR. WEIR: Oh, that letter is 62, now.

THE COURT: What date is it?

THE WITNESS: 62, April the 19th, 1962.

THE COURT: What is the date of your meeting?

MR. WEIR: Sorry, the meeting is May the 15th, 1963. It is the only reference that I noticed the discussion about the Brandley account.

THE COURT: It is 62, Mr. Weir, meeting of May the 15th, attended by Mr. Houlton, Mr. Paxman, and Mr. Keeler, Mr. Stevens, Mr. Bullock.

supervisor reported to the Board on the pleasure of the Brandy account as a result of difficulty which Mr. Noel Beardsley had gotten into.

Now, I take it then, as a result of that, that the meeting actually discussed the letter that both you and Mr. Hatch signed that was dated April the 12th, that was sent to Mr. Bradstock, and marked Exhibit 2 2, is that correct?

THE COURT: Probably you could ask him to look at that letter for a little while, and read it. What is the date of the meeting?

MR. MOSKOVICH: May 1st---

MR. WEIR: 2; the 1st.

THE COURT: 1?---

MR. WEIR: 5?.

MR. MOSKOVICH: 5?.

MR. WEIR: Oh, that letter is -- sorry.

THE COURT: What date is it?

THE WITNESS: 62, April the 12th, 1962.

THE COURT: What is the date of your meeting?

: Sorry, the meeting is May 1st.

A. It is the only reference that I noticed the in about the Brandy account.

It is 62, Mr. Weir, meaning of [illegible] Mr. Thomson, and

MR. WEIR: I'm sorry.

THE COURT: Now, do you recall the circumstances, Mr. Houlton?

THE WITNESS: Vaguely, sir, yes.

THE COURT:

Q Well, do you remember what happened?

A I was always under the impression that the Imperial Bank had taken over the Brandley account, lock stock and barrel, and that we had nothing to do with that. It was quite a surprise to me when the Brandley account appeared in our discussions or on our books at all.

I don't know when the authority for loaning the Brandley account, or giving them any more credit, I don't know where that authority came in, and there is no doubt---

Q Well now, you're talking about after that letter or before the letter?

A I'm talking about the time that the Imperial Bank took over the Lethbridge Feeders Account.

Q That's in---

A And this is Mr. Bradstock of the Imperial ---

Q That's right.

A So thiswould be it.

Q Well, was that before that letter, or after?

A Well, this letter here is dated 1962, this was before.

Q All right.
A Before this letter.
Q All right.

MR. [illegible] I'm sorry.

THE COURT: Now, do

stances, Mr. Houlton?

THE WITNESS: Yesmely.

THE COURT:

Q Well, do you remember what happened?

A I was always under the impression

had taken over the Brandley accounts. Look ir

and that we had nothing to do with that. If w

surprise to me when the Brandley acc

- discussions or on our books [illegible] s.

I [illegible] Brom

for loaning the Brandley account.

more credit. I don't know where the authori

and there is no doubt---

Q Well now, you're talking about after your letter

the letter

I'm talking about the time that the Imperial

over the Lethbridge Feeders Account.

That's in---

And this is Mr. Broadstock of the Imperial ---

[illegible]

A And I think, if I remember the discussion that the Board had with this, is that we were not aware, and I think perhaps the Board will substantiate what I say, that we were not aware that Mr. Brandley was a customer of ours, at all, any more, since he had an agreement with the Imperial Bank, a separate agreement with them.

Q All right. Now, what happened after that letter?

A Well, after this letter, in what regard, Your Honour?

Q Well, did the Board authorize Mr. Brandley to continue in business with the Association? That letter is quite strong, I was wondering why he continued as a member.

A Well, I think perhaps at the time we got this letter there was some involvement, and it was a case of getting out of Mr. Brandley back into the association what he owed, or getting the indebtedness cleaned up.

Q Well, would that be a reason for advancing him another $38,000.00 worth of cattle?

A Well, of course, I wasn't aware that we had advanced him another $38,000.00 worth of cattle.

Q Well, between August the 15th and September the 17th there was $38,000.00 placed on your books.

A Well, I have no doubt that what you say is true.

Q Well, I will show you the cards.

A Yes, I have no doubt of that, but I must say that how it got there, and how I could know all these things by a meeting once a month with the rest of the Board of Directors--

I think, if I remember the discussion that the Board had with Dale, is that we were not aware, and I think perhaps the Board will substantiate what I say, that we were not aware that Mr. Brandley was a customer of ours, at all, any more, since he had an [illegible] Imported Bank, a separate arrangement with [illegible]

Q All right. Now, what [illegible] opened after that letter [illegible]

A Well, after this letter, in what [illegible] your [illegible]

Q Well, did the Board authorize Mr. Brandley to [illegible] in business with the Association? The letter [illegible] stands. I was [illegible] the question [illegible]

A Well, I think per[illegible] there was an [illegible] investment, and it was [illegible] out of Mr. Brandley back into [illegible] or getting the indebtedness cleared [illegible]

Q Well, would that be a reason for [illegible] $38,000.00 worth of cattle?

A Well, of course, I mean's aware that we had advanced an another $38,000.00 worth of cattle.

Well, between August the 15th and September the 12th there was $38 000.00 placed on your books.

[illegible] I am in doubt that when you say in time.

[illegible]

[illegible]

[illegible]

[illegible] the Bank or Directors--

MR. WEIR:

Q Where did you hold your meetings, Mr. Houlton?

A In the office.

Q In the office of the Lethbridge Central Feeders Association?

A Yes.

THE COURT:

Q Did you never look at these ledger cards?

A No.

Q Never, in your life?

A I'd like to say, sir, in defence of the criticism that I have heard here and there and all over about the Board of Directors not knowing too much about the business, we are not professional cattle buyers, we are not professional cattle salesmen, and we met once a month and discussed what came before, that is the business, not the business of the buying and the selling, or what had been sold and not sold, although this could be in questions that would be asked, well, how is the market coming, and how many cattle have we got out on hand, and how many are selling these days, and where are they going to, and these kind of things, but it must be remembered that the Board of Directors, we are no different than any other Board of Directors, in that we were no experts on the conducting of the buying and the selling business.

THE COURT:

Q Well, I quite agree with that, Mr. Houlton, but I am

Mr. WEBB:

Where do you hold your meetings, in the office.

In the office of the Lehtinen [illegible].

Yes.

THE DOCTOR:

Q Did you ever look [illegible] there [illegible]

A No.

Q Never in your life?

A I'd like to say, [illegible] have heard been [illegible]

Diatoms not [illegible]

not professional [illegible]

cattle management, and [illegible]

what some [illegible] in [illegible]

of the buying and the selling [illegible]

not sold, although this could [illegible]

as asked, well, how is the market [illegible]

cattle have we got out on hand, and [illegible]

those days, and where are they going to, and [illegible]

of things, but it must be remembered that the [illegible]

diatoms, are no different than any other [illegible]

[illegible] that [illegible] ways to expedite or the [illegible]

wondering whether you should have been experts on where the money was going?

A Well, here again, I think it has been said before, and it is very apparent, that we placed implicit faith in Mr. Hatch, and also in the staff, and I don't know at any time when there was any suspicion among the Board about any wrong doings by anyone, by Mr. Hatch or anyone. I mean, this thing, we hadn't entertained a thought of this kind on account of the fact that perhaps we were not mixed up in the field business of the association.

All the members, that is 90% of the members of the association that were all in good shape, there was no complaining there. Nobody complained, I don't know of one complaint that ever came to me, and we had no, with the other 10 or 15 per cent of the members that really got the association into this difficulty, they weren't complaining, and for their own good reasons too. So there was no way for us to get any outside rumblings of this thing.

I did get a slight rumbling in the middle of 1963 from a man in the hotel at Barons, and I forget, in fact, I never did know his name, when he said that Mr. Hatch was building a house down on St. Mary's Lake , in Montana, and he was this that and the other, and spending money, he bought---so I said, well, I don't know, if I recall it I think that his father

[illegible] whether you should have been asserted on where a [illegible] money was going?

Well, here again, I think it has been said before, and it is very apparent, that we placed implicit faith in Mr. Hatch, and also in the staff, and I don't know at any time when there was any suspicion among the Board about any wrong doings by anyone, by Mr. Hatch [illegible] this thing, we hadn't ascertained a thousand [illegible] on account of the fact that perhaps we were too slim in the field business of the association.

All the [illegible] that [illegible] the members of the association that w[illegible] al[illegible] there was no complaining there. Nobody complained, don't know of one complaint that ever came [illegible], as we had no, with the other 10 or 15 [illegible] that really got the association into this difficulty weren't complaining, and for their own [illegible] reasons [illegible] So there was no way for us to get any [illegible] knowledge of this thing.

I did get a slight inkling in middle of 1963 from a man in the hotel at Bowsens, and it, I never did know his name, where he [illegible] was building a house down on 8th [illegible] Bastens, and he was thi[illegible]

died recently and left him some part of an estate, I said, I don't know.

But I did go to Mr. Hatch, and I told Mr. Hatch what I had heard, and I said, is this true, Stu, is there any truth in these rumblings, and, no, there is no truth in it, and of course this, as I say, with the confidence we had in Mr. Hatch, why it was not pursued any further.

MR. WEIR:

Q Mr. Houlton, what did you, as president of the association, feel that your function was, and the function of the other members of the Board, at these meetings?

A Well, to, of course, to hear the, in a general way, the business of the association, and things which the secretary, which is Mr. Hatch, brought before the Board. We discussed those things.

Q Well, you've just told us a few minutes ago that when the application of Riverview Farms came in that no reference was made as to who owned the farm.

What about applications for increases of credit? Were these discussed, at all? You say you didn't even look at the ledger cards, how would you know that they were justified?

A No, we didn't. I don't think any of the other members of the Board ever interfered with the internal office business of the Association.

of a recently and lets him some part of so
I don't know.

V-1: But I did go
told Mr. Eaton what I had heard, and I said,
Sir, is there any truth in these rumblings
is no truth in it, and of course this, on , say, wi
confidence- we had in Mr. Hatch, why, it was not
any ?, then.

MR. WHITE:

Mr. Houlton, what did you, as president
feel that your Executive was, and , Executive
members of the Board, at these meetings
Well, to, of course, to hear the , a , was
business of the association. d , he
which is Mr. Hatch, brought before the board. We
those things.

Well, you've just told us a few that
application of Riverview Farms came in that no
was made as to who owned the farm.

What about application for
increases of credit? Were these discussed, or why
on did, I say, look at the ledger cards, how were
verified

Of the other members of
the Advisory Board

We did know, in a general way, as I say, we had great justification for, perhaps feeling complacent about this thing, or feeling satisfied, for the simple reason that when this association was taken over by theImperial bank a few yars ago, they agreed, it came out finally, that they would have a man inspect these corrals, and go around and inspect all these accounts and make sure the cattle was there, and that they were doing right, and that the feed was there, and so on. Well now, that was a great help, as far as the Association was concerned.

THE COURT:

Q That was made with Mr. Bradstock?

A That was made with Mr. Bradstock.

Q And that agreement was made, that he would supply the checks?

A That he was going to go with the supervisor, and he was to take him around and inspect the different corrals, and the different feed lots where the cattle were placed.

Q And you heard that arrangement made?

A Well, this arrangement was made, because it transpired, it was carried out, and the bank manager, I know they came to my place, and I knew that they went out at least, well, not at least, but they went out twice a month, sometimes oftener.

Q And the Bank manager never reported to the Board on how

many cattle, for example, Mr. Brandley had, or---

A No, there was no written report as far as I know.

This letter, if there is a letter pertaining to that from Mr. Bradstock, I don't know. If there is, I never saw it. But I don't think there was any reports given to the Board from the bank as far as the amount of cattle, and the result of the examinations of the feed corrals.

If there was, these reports given, then they never came before the Board.

Q I see, all right. Go ahead, Mr. Weir.

MR. WEIR:

Q Well, Mr. Houlton, I would like to show you a letter which is dated October the 8th, 1955, which is marked Exhibit A 16. It was a letter addressed to you by Mr. Williams, the chartered accountant.

A Yes.

Q Now, would you just read that over to refresh your memory for a moment please.

MR. MOSCOVICH: Is that a copy, or the original?

MR. WEIR: That's a copy.

MR. MOSCOVICH: You should ask him, really, if he ever got it.

MR. WEIR:

Q Now, after reading this letter, do you recall the circumstances----

very cattle, for example, Mr. Hardley had, or--

A No, there was no written report as far as I know.

Q. This letter, if there is a letter pertaining to that from Mr. Hradstock, I don't know. If there is, I never saw it. But I don't think there was any report given to the Board from the bank as to amount of cattle, and the result of the examine the feed corrals.

If there was, those rep then they never came before the Board.

see, all right. Go ahead, Mr. Weir.

MR. WEIR:

Q Well, Mr. Hourston. I would like to show you a . . . is dated October the 8th, 1953, which is marked A 16. It was a letter addressed to you by Mr. . . the chartered accountant.

Yes.

Now, would you just read that over to refresh your memory for a moment please.

MR. MOSCOVICH: Is that a copy, or the original?

MR. WEIR: That's a copy.

MR. MOSCOVICH: You should ask him, realize if is

A I don't recall the circumstances, but I do know this, that, as outlined in that letter, I would say if that is what Mr. Tanner said, that is true, and it had been discussed by us.

At this time I must say this, that in explaining this to me---

Q I believe it was Mr. Williams that discussed it with you.

A Yes, Mr. Williams, rather. In explaining it to me I was under the impression at this time that a, that this was an overdrawing of the accounts, that they had overdrawn their accounts, and it was a case of returning themoney which I said should be done, and now, I don't even remember, Your Worship, or Your Honour, this being discussed in a meeting.

THE COURT:

Q Well, that has nothing to do with overdrawing accounts.

A No, no, it hasn't.

Q That has to do with a deal with Mr. Kline.

A No, but I mean, this is what's in my mind at this time.

Q Well, do you remember the deal with Mr. Kline?

A I do not.

Q You don't remember that, at all?

A I do not remember anything, I don't know of any transactions with Mr. Kline, I don't know whether this, I do know the names of these people, this Toth and Gedrasik, and these people here, at least I know someof them, but

I recall the circumstances, but I do know that that, as outlined in that letter, I would say, that is what Mr. Tanner said, that is true and it has been discussed by us.

At this time [illegible]

in explanatory this to re---

I believe it was Mr. Williams that discussed

A The, Mr. Williams, rather. In explaining

was under the impression at that time that an overdrawing [illegible] the accounts.

their accounts, [illegible] it was a [illegible] recommendation [illegible]

which I said should be done. And [illegible] I don't [illegible]

Your Worship, or Your Honour, this will discussion meeting

THE COURT:

Well, that has nothing to do with overdrawing or

No, no, it hasn't.

That has to do with a deal with Mr. Kizan.

No, but I mean, this is what's in my mind or this like.

Well, do you remember the deal with Mr. Kizan?

I do not.

[illegible]

I don't know any arrangement with Mr.Kline on that feeding basis.

These must have been people who there was a feeding arrangement with at the time these people had no credit.

Q That's right, that's right.

A And Mr. Kline supplied them with cattle, and they fed cattle for Mr. Kline on a gain basis. I mean to say, I'm saying this because there were so many people did that at that time.

MR. WEIR:

Q No, but does the profit that Mr. Hatch and Mr. Nilsson got that---

A Yes, then the profit that was on these, that Mr. Kline made, apparently he shared it with Mr. Nilsson and Mr. Hatch.

THE COURT:

Q Well, that's a very serious matter, Mr. Houlton.

A Yes, I am quite aware of that, Your Honour.

Q And you don't recall it, at all?

A I do not recall the circumstances, at all. I certainly---

Q And you don't recall Mr. Williams writing you, or speaking---

A I recall the discussion with Mr. Williams in his office. Now, I would like to know whether that letter came to me or whether it went to Lethbridge Central Feeders office.

Q Well, who is it addressed to?

I know any arrangement with Mr. Kline on that feeding

Those must have been people who

there was a feeding arrangement with at the time these

people had no credit.

That's right, that's right.

And Mr. Kline supplied them with cattle, and they fed

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MR. WEIR:

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Hatch.

THE COURT:

Well, that's a very serious matter, Mr. Houston.

Yes, I am quite aware of that, Your Honour.

And you don't recall it, at all?

I do not recall the circumstances, at all. I certainly---

don't at all Mr. N Nilsson writing you, or speaking ---

A Yes. President of Lethbridge Central Feeders Association, Lethbridge.

If this went to the office there's just a 100 to 1 chance that I wouldn't get the letter, but I do remember discussing the situation, not on that, not on a deal with Mr. Kline.

MR. WEIR:

Q You don't recall receiving the letter?

A I don't recall receiving the letter.

Q And you don't recall any of the circumstances that are mentioned in the letter?

A No, I don't recall any of the circumstances that are mentioned in the letter, but I know that something like that could have happened on a feeding arrangement with these people.

Q No, no, well, we recognize it could have happened, but it is a rather serious matter that is discussed here. We have already heard testimony to the effect that Mr. Williams discussed this very serious matter with you.

A Yes, I have no doubt that he did discuss it with me.

Q Well, do you recall?

A I do not recall the discussion going along the lines that there had been a division of profits from Sandy Kline to these people.

I do remember, I stated this before, in fact, to one of the Board, I was saying that,

Yes. President of Tetbbridge General Teachers Association, Tetbbridge.

If this went to the critics there's just a 100 to 1 chance that I wouldn't be [illegible] I do remember discussing the situation, but [illegible] on a deal with Mr. Kline.

Q. Yes.

Q. You don't recall receiving the letter?

A. I don't recall receiving the letter.

Q. And you don't recall any of the circumstances mentioned in the letter?

A. No, I don't recall any of the circumstances mentioned in the letter, but I [illegible] that could have happened on a fairly [illegible] people.

Q. No, no, well, we recognize it could have [illegible] it is a rather serious matter that is [illegible] We have already heard testimony to the effect that Williams discussed this very serious matter with you. Yes, I have no doubt that he did discuss it with me. We, do you really [illegible]

A. not recall [illegible] discussion going along the lines [illegible] a bad bee [illegible] profits from shady [illegible]

I was surprised when this came out in the press, about me agreeing that this would, if it didn't happen again it was all right. I don't ever remember saying that to anyone.

Q You don't even recall discussing it with Mr. Williams, concerning the profit of those---

A Not that profit sharing basis. I recall discussing with Mr. Williams about a drawing, over draft of salaries, or something of that nature.

Q Well, this has nothing to do with salaries?

A No, I know that, I know that.

I discussed this with oneof the Board since this came to the press, I told him, well, I don't remember anything about that, and I don't about this, about the Kline transaction, and I don't remember receiving the letter, to be truthful with you. It might have come to me, personally, it might have gone to the office. I don't know.

Q I take it from your testimony, Mr. Houlton, that you do not feel that as a Board member, or as, later, president of the association, that you had any responsibility of double-checking what was going on in the association, such as looking at the ledger cards and so on to make certain that everything was in order?

A No. I mean, coming past the yards, as I did, and past the office fairly regularly, I made it a point of going into

printed when this came out in the press, never
no knowing that this would, if it didn't happen again
it was all right. I don't ever remember saying that to

Q You don't even recall discussing -- with Mr. Al
concerning the profit of those---

A Not that profit sharing basis. I recall discussing
Mr. Williams about a drawing, over ideas . . . .
something of that nature.

Q Well, this has nothing - do with - a - ce
No, I know that, I didn't mean it.

I discussed with Mr
Board since this came to the press, I
don't remember anything about that, and I don't
this, about the Kline transaction, and I don't
receiving the letter, to be truthful with you
have come to me, personally, it might have been in
office. I don't know.

I take it from your testimony, Mr. Hoylton, that you do
not feel that as a Board member, or as, later, President
of the association, that you had any responsibility of
knowing what was going - in the association
ng at the lowest grade and so on to
in order?

the office perhaps many times in a month.

Q No, but at the board meetings, themselves, is what I am thinking of? Were you simply rubber stamping things that Mr. Hatch was presenting, and taking his word for everything that was said?

A Well, not necessarily.

Q Well, what double checking was done by the Board?

A Well, of course, I can't say that we double checked at any time, or checked, the Board, I started this a few minutes ago by saying that our mistake, well, I didn't say our mistake at that time, but this is apparently what we did do, we had implicit faith in Mr. Hatch. We gave him very wide powers.

Q No, I recognize that, I am just wondering what safe-guards, what checks were made then by the Board? Can you recall any checking by the Board of anything that Mr. Hatch did or said, concerning the operation of the Lethbridge Central Feeders Association?

A Frankly, no, I can't remember that I did.

Q Well, do you recall conversations that you had with Mr. MacLean, concerning the accounts?

A Oh, yes, yes.

THE COURT:

Q Well now, bring him to date. This is in 63.

MR. WEIR: Pardon?

THE COURT: In '63.

3

Did you perhaps carry items in a bundle

No, but at the board meetings, themselves. In what I am thinking of? Were you simply rubber stamping things the Mr. Taylor was presenting, and taking his word for every thing was okay?

A Well, not necessarily.

Well, what double checking was done by a number of all, of course. I can't say that we always agreed any time, or checked, the

numbers by saying that our mistakes.

say our mistakes at that time, but when

we did do, we had tremendous faith in Mr. Taylor

very wide powers.

Q No, I recognize that, I am just wondering what

what checks were made then, the board' on

any checking by the Board of anything that Mr. Taylor or said, concerning the operation of the Lathrop

Peaches Association?

Frankly, no, I can't remember that I did.

Well, do you recall conversations that you had with Mr.

Mac Gan, concerning the accounts?

THE WITNESS: Yes, I'm getting fairly close then.

THE COURT:

Q Well, what did happen in '63, Mr. Houlton?

A Well, when Mr. MacLean, I saw Mr. MacLean very very regular, very often in, anytime in '63, and before that too, and what happened here, he would discuss that he had been here and had been there, and that he was very disturbed at times about some of the cattle not being branded, and this is something that, is a must, we knew, they were hypothocated to the bank. This was security for the loans, and I brought this up to the board on several occasions, that we would have to, and should institute a check of all the corrals for unbranded cattle, in fact, all the corrals to find unbranded cattle and put up two crews, branding cattle, that would be, that would serve the purpose of giving us a count on all cattle, and making sure thatthe bank was well secured by the cattle being branded. This was somethng that I think the other members of the Board will substantiate.

Q When was that done, when was that discussion?

A That discussion was, oh, very likely the spring of '63, something like that.

Q Now then, a year later the balloon went up. Had any of this been done?

A We were assured that it had been done. We were assured by

Yes, I'm resting fairly close then

SLOUTS:

Well, what did happen in '63, Mr. [illegible]

Well, when Mr. McLean, I saw Mr. McLean very very

regular very often in, anything [illegible] '63, and after [illegible]

too, and what happened here, I would assume that [illegible] an

been here and had been there, and that [illegible] was very im-

portant at times some [illegible] the title [illegible] [illegible]

and like is something that [illegible] Mr. we never [illegible] were

hypothecated to the bank. This we [illegible] it [illegible]

and a brought [illegible] up [illegible] and on several occasions

that we would say [illegible] and also institute [illegible]

the morals for unmanned cattle [illegible] [illegible] be certain

to line unmanned cattle and [illegible] [illegible]

cattle, the [illegible] would be, that would [illegible]

give us a count on all cattle, [illegible] some [illegible]

book was well secured by the [illegible] [illegible] [illegible]

was [illegible] that [illegible] think are clear memories of the Board

with substantially.

When was that done? When was that discussion?

That discussion was, I'm very likely the spring of '63,

[illegible]

the supervisor.

Q Well, did you receive any, get any schedule, or any documents, or any papers to the effect that it had been done?

A Well, these cattle, we did have a report, at least I did have, from the bank manager that this had been done here or there, but he didn't, perhaps, visit all the corrals, and couldn't make a full report on it, but he was on the job making, from where he did go and what he did see, and there was some progress made as far as branding was concerned.

One of the big things about not having branded cattle was, when cows that were heavy in calf, or cattle that hadn't been branded right away, and they would now be fat, and they would just want to abuse them by branding them. That was usually the explanation that was given about cattle not being branded.

Q What about contracts?

A Contracts, they were kept pretty well up to date. I don't think---

Q Well, the manager says he complained to you on numerous occasions during 1963 that it was getting worse and worse.

A Yes.

Q That the contracts were not signed.

A Well, contracts were signed, I don't think that there was ever any lapse in the signing of contracts, and the contracts were signed by the feeder. I don't think that the complaint,

at least I wouldn't imagine that the complaint is that I didn't sign the contracts, as president.

Q No, no, but then---

A The complaint is that the farmers didn't sign them.

Q That's right.

A And here we sent out, the staff, to have these contracts signed and brought up to date every one of them, and as they came in, well, of course, they were turned over to the bank. I don't know how many contracts were unfinished, or unsigned when the bottle burst.

Q Well, weren't there some contracts that the bank kept after you for months for, and weren't signed?

A Not specific, no, I don't think so.

Q Do you remember the John Johansson contract?

A John Johansson contract.

Q Yes. Weren't you asked for that?

MR. MOSCOVICH: Was that Ray Johansson?

THE COURT: Or Ray Johansson, I'm sorry, Ray Johansson.

THE WITNESS: For the which?

THE COURT:

Q Weren't you asked for a contract from Ray Johansson?

A Ray Johansson. Not that I remember specifically.

Q You don't remember?

A I might have been asked for it, to look after some contracts,

Wouldn't imagine that the correlation is that I

[illegible]

No, no, but then--

Q Did a complaint to that the previous didn't often then.

Q That's right.

A And then we went out, in [illegible], I mean, that [illegible] started and brought up to date stuff

came in, well, of course, they [illegible] the [illegible]

I don't know how many [illegible] were [illegible], in [illegible] when the [illegible]

Q Well, weren't there some conversation that [illegible] you for working for, and weren't [illegible]?

A Not specifically, no, I [illegible]

Q You remember the John Jacobson [illegible]?

A John Jacobson, [illegible].

Q Yes. Weren't you asked for [illegible]?

MR. MCGOVERN: [illegible]

THE [illegible]: [illegible] Jacobson, I'm sorry, [illegible] Johnson.

THE WITNESS: [illegible]

THE COURT: [illegible]

Q Weren't you asked for a contribution from Roy Johnson? Roy Johnson, [illegible]

or to get some contracts in, but there again, all I could do here was just to pass this on to the staff to get these, or to the supervisor to have these contracts in, and get them signed.

Q Yes, fine.

MR. WEIR:

Q I notice that in a meeting that you also attended, on April the 14th, 1959, the supervisor, Mr. Hatch, reported on a stock cow company he was in the process of organizing, and he described its function as a rental agreement on cows.

Now, do you recall the discussions concerning this particular matter?

A Is this the discussion on the British Columbia ranch, or something like that?

Q I'm just reading from what appeared in the minutes---

THE COURT: What month, now, what year?

MR. WEIR:

Q This is April the 14th, 1959, and there were further discussions on June the 15th of 1959.

A About a stock cow contract.

Q Well the wording of the minutes; "supervisor reported on stock cow company he was in process of organizing, and described its function as a rental agreement on cows, board instructed him to look into---" No, that's something else.

Now, in another meeting, this is June 15th, 1959; "moved Hatch be a shareholder only, not active in management, and that all business be transacted through the association for which a commission will be paid by the cattle company."

Now, that is the explanation in the minutes. I'm just wondering what---

A Who moved that resolution?

Q I haven't made a note of that, although I have made a note that you were present at that meeting.

A Well, here, Your Honour, it might be well to ask that question of the Board Members who moved the resolution, who have more of a knowledge of that thing.

Q No, but surely, as president, Mr. Houlton, you would be aware of what was discussed concerning something as, as important as the supervisor becoming involved in something of this type?

A At the time I would be very much aware of it, I suppose, but this thing has gone on now, and we are getting years behind, and I am asked to recall what was said, or has happened, and how it happened, and that's something that I haven't got the ability to do.

Q No, but you can't seem to recall, so far, any discussions you have had about any involvement that Mr. Hatch had---

A Oh, but I have.

Q On private dealings through the association, that's all.

[illegible] Now, in another meeting, this is [illegible] 5th 1952, "moved Hatch be a shareholder only, not active in management, and that all business be transacted through the association for which a commission will be paid by the cattle company."

Now, that [illegible] the explanation the minutes. I'm just wondering what---

Who moved that resolution?

Q I haven't made a note of that. Although I have made a note that you were present at that meeting.

Well, here, Your Honour, it might be [illegible] question of the Board Members who moved the resolution, who have more of a knowledge of that th[illegible]

Q No, but surely, as president, Mr. Houlton, you would be aware of what was discussed concerning something as important as the supervisor becoming involved in something of this type?

At the time I would be very much aware of it, I suppose, but this thing has gone on now, and we are getting years behind, and I am asked to recall what was said, or who [illegible], and how it happened, and that's something that I haven't got the ability to do.

But yo[illegible] seem t[illegible], so far, any discussions [illegible] cry [illegible]

[illegible] that?

THE COURT: You see, all we are asking, Mr. Houlton, is simply this; Mr. Hatch forms a private company for the purpose of the cow operation, he goes into the business and he is going to use the association, and as a result, as a matter of fact, Central Cattle Company did use association money, now, do you recall anything about it? That's all we want to know?

THE WITNESS: I do not recall anything about that, Your Honour. When you mentioned, is this the Medicine Hat Central Cattle Company, or what is this?

THE COURT:

Q No, no, this is the Central Cattle Company in Lethbridge, operated by Mr. Hatch. This motion was moved by Mr. Keeler, and seconded by Mr. Paxman. We will hear from them, all we want to know is what you know about it?

A I don't recall that, Your Honour.

Q All right, fine. You don't remember any discussion about Hatch going into the cow rental business?

A Not a thing.

Q You don't remember any involvement between Mr. Hatch and the Meeks brothers?

A And who?

Q Meeks brothers.

A Will you repeat that, please?

Q Meeks. Meeks, from Raymond.

A No.

MORGAN: You see, all we are asking, Louiston, is simply this: Mr. Hatch formed a private company for the purpose of the cow operation, he went into the business and he is going to use the association and as a result, as a matter of fact, Central Cattle Company did use association money, now, do you recall anything about it? That's all we want to know.

THE WITNESS: I do not recall anything = that, Your Honour, when you mentioned. This the Medicine Hat Central Cattle Company, or was

THE COURT:

No, no, this is the Central Cattle Company = not operated by Mr. Hatch. This motion was moved Keelan, and seconded by Mr. Pearson. We will = hear from them, all we want to know is what you know about I don't recall that, Your Honour.

All right, fine. You don't remember = a Hatch going into the cow central business? Not a thing.

You don't remember any involvement between Mr. Hatch the Meeks brothers?

And what?

Where, [illegible]

Q You don't recall any movement of cattle out of Central Cattle to Meeks, and vice versa?

A No, no.

Q No knowledge of that?

A No knowledge of that.

Q All right, fine.

MR. WEIR:

Q Now, I notice on January 11th, 1960, that you were present at a meeting where there was a discussion on buying policies of association, and also staff and board relationships. I wonder what this is about.

That is the way it was reported in theminutes. What is that all about?

A Buying policies of the association.

Q And also staff and board relationships. That's one sentence.

MR. MOSCOVICH: Must have been M.S.I.

A Buying policies of the association, they were set out, I don't think they were ever changed, the buying policies.

MR. WEIR:

Q No, but this is an item that appears in the minutes, January the 11th, 1960 at a meeting at which you were present, and it states as follows:"discussion on buying policies of association, and also staff and board relationships."

Now, I just wondered if you recall anything concerning that?

A I could be reminded if there's any of the other members who remember anything about this, then I could be reminded, but---

Q I hoped that that sentence would help to refresh your memory, but it doesn't?

A No, it does not.

Q I see that at a meeting which you also attended on April the 26th, 1960 that there is an item which states as follows:

"supervisor" and presumably this is Mr. Hatch, "supervisor to approach Imperial Bank on basis of 15,000 discretionary limit for board on new members, and all other conditions the same as we presently enjoy."

Now---

MR. MOSCOVICH: What does that mean?

MR. WEIR: Well, that's what I want to know.

Q What does that mean?

A Approach the bank for---

THE COURT: A discretion of 15,000 dollars on new members.

THE WITNESS: That's to---

THE COURT:

Q I presume it would mean that if you accepted a new member you would have the right to set the limit up to $15,000.00?

A Yes, there could have been some discussions on that, at that time.

I might say that in connection with all this time that they, the bringing of the, or the bank, it only came to me, and I think the rest of the Board, after all the preliminary work had been done and the contract re-arranged, and all arrangements made to move out of the Royal Bank. Something that I knew nothing about until right about the time that the egg was to be hatched.

MR. WEIR:

Q Well, I see that in the following meeting, April the 10th, 1960, there is an item in the minutes marked "proceed with negotiations to transfer account to the Imperial Bank from the Royal Bank--carried unanimously.", and you were present at that meeting?

A Yes, that's right. That's just about the time that all you see, a resolution of that kind, you couldn't make that until such time that all the preliminary arrangements had been made and the bank had agreed to accept the account, and the terms that they had laid down in accepting it.

Q And it was up to the Board to decide whether or not, in effect, this move would be taken?

A Whether we would approve going over to the Imperial Bank, and we did.

I must say, I did, very reluctantly,

but I did it, I was---

Q Why did you do it reluctantly?

A Well, the records don't show it, but a certain bank manager around town, and his supervisor in Calgary can prove it, that I fought very hard against a transfer of the account at one other time from the Royal to the Bank of Montreal, who were ready to accept the account, and now, this is something that perhaps even the Board of Directors that we have now don't know, it's many years ago, but it can be substantiated, where I absolutely met with the supervisor, I think from, that is the supervisor of the Montreal Bank, and also the Bank Manager of the Montreal Bank, and dissuaded them to consider accepting the Central Feeders account.

I felt this way about it; that the Royal bank had started us out. We had been with them all these times, bankers are no different, one from the other. Banking rules and regulations are the same anywhere, in any bank. The difference in personalities is about the only thing that you can take into consideration in moving around from one bank to another. You either don't like the manager, or you like the other one better, something of that nature.

THE COURT:

Q Well, you did like Mr. Bradstock, didn't you?

A Pardon?

Q You did like Mr. Bradstock?

A I'm just relating, your Honour, just the reasons that you change, and as far as Mr. Bradstock is concerned, the Imperial Bank, I never did meet Mr. Bradstock until after all the arrangements were made and the account was in his hands, and I think that goes for the balance of the directors too, but what I am saying is this, that the Royal Bank had carried us through the foot and mouth disease, they had worked with us, they had started us out, we had been with them for over 20 years, and I hated like the dickens to see any relationship like that broken up because, and they were a good strong governor on the association too.

MR. WEIR:

Q Well, what did the other Board members say at that meeting? You say you were very much against it, didn't you realize that, as president, and as a member of the board, you could have voted against it, and in effect prevented the move, if you had wanted to?

A Of course, when this was done the only way to carry on was just to go ahead. I could resign, I could have resigned many times if I had followed my inclinations on account of little things that came up, but I didn't, but there was one thing, we made it unanimous when it came in. It was no good going crosswise, that was the only bank we had after the change was made.

Q Did any of the other Board members at that meeting express dissatisfaction with the move that was suggested?

A No, I don't think I expressed too much dissatisfaction either, in the meetings, or in this one meeting where it came up.

THE COURT:

Q In 1954, Mr. Houlton didn't the board instruct Mr. Dow to approach the bank of Toronto, to see if a change could be made, and he went to Winnipeg, and so forth and so on?

A That is possible. That is something that I'd have to be refreshed on, Your Honour.

Q And then again, then on the 27th of October Mr. Dow suggested that the account be split between the Bank of Nova Scotia and the Bank of Montreal.

A If the minutes say that, well, it's true.

Q Well, you see, what I take from all these minutes that I have read through from '51 to date, is that there was considerable feeling on the part of the board, or on the part of somebody that they weren't happy with the Royal Bank.

First of all they go to the Bank of Montreal, talk to the Bank of Montreal, then they go to the Bank of Toronto, and there was a man come out from Winnipeg, I think the minutes show, and then there was a question of splitting the account between the bank of Nova Scotia and the Bank of Montreal.

Then there is another item here where somebody said, we better get those reserves out of the Royal Bank or they are liable to take them, in 1954.

You see, all these motions leave me, as a stranger, in reading all these minutes, that there was a continual dissatisfaction with the banking arrangements.

A With the Royal Bank, of course, you must remember that we went into the foot and mouth era, and at that time, then, credits were stopped.

Q Yes.

A And many of the members wanted credits, and there was a lot of bad feeling directed towards the Royal Bank, and that's what made the dissatisfaction, Your Honour.

Q In the Board too?

A Yes, about moving out. I didn't have any dissatisfaction with them.

Q Well, we will adjourn until 2 o'clock and continue the discussion.

(HEARING ADJOURNED 12:25 P.M. AND TO RESUME AT 2:00 P.M. ON THE SAME DAY)

MR. WEIR:

Q You are still under oath Mr. Houlton?

A Yes.

Q I'm wondering if during the noon hour recess, Mr. Houlton that you had the opportunity of refreshing your memory somewhat concerning one of the items that we were discussing this morning, and I am thinking of a deal involving Mr. Hatch and Mr. Nilsson and Mr. Kline, You indicated that you had no recollection whatsoever even after reading that letter of that transaction?

A I have talked with Mr. Williams during the recess, and while I have no full recollection of the conversation that took place, I do recall that something of that nature did happen. It was a case where Mr. Kline had supplied cattle to these certain members who were to, who were without credit from the Assocation, but still the Association money, or the bank, so these cattle were given by Mr. Kline. Now, this is as I reconstruct it. It was on a share basis. I didn't have to buy the cattle, they just took, put their feed into the cattle and then they paid back. This is a deal we had for all of the members where they paid back one-half of the difference, or of their feeding returns on their old account, something of that nature. Now, they paid these feeding returns, as I understand it, I am trying

to reconstruct it, but in the meantime Mr. Kline made himself quite a good profit by buying the cattle at a low price and selling them finished at a high price. But apparently this was a gift from Mr. Kline to Mr. Hatch and Mr. Nilsson. That is as I would construct it. I don't remember the conversation.

Q You don't remember any of the conversations that took place back in 1954 or 1955 when this happened?

A No, not that I can pin point them.

Q I am not expecting that.

A The conversations that all took place, I wouldn't know, but I have a hazy recollection as Mr. Williams and I discussed this thing.

Q Back in 1955?

A Yes, something like that. At the time that he wrote the letter. The letter came to me, it is possible that it did, but it was addressed to H. G. Houlton, Lethbridge Central Feeders, and it could have gone to the Lethbridge Central Feeders Association and I might have got the letter or I might have not have got the letter. I'm not saying that I did get it or that I didn't get it. It is possible that I did and it is possible that I did not get it.

Q I want you to try to make certain now as to this whole incident. As I say I'm not expecting you to remember any specific conversations word by word, but I am

trying to make certain as to whether or not you recall in around the time that this letter was written of certain conversations that you had with Mr. Williams and Mr. Hatch concerning this transaction, this profit in effect that Mr. Hatch made?

A As I say, I'm not trying to be evasive, but I can't. I wouldn't be telling the truth if I said I remember, nor would I be telling the truth if I said I did not remember.

THE COURT:

Q You don't remember Mr. Hatch coming out to your house then?

A I don't remember the incident. It has been pointed out to me by Mr. Williams that he did come out and he tried to refresh my memory on it.

Q But you don't recall it?

A No. I'm not saying that he didn't, but I just don't remember.

MR. WEIR:

Q Do you recall a Board Meeting, I believe it was June the 18th of this year, which was attended by Mr. Hatch and Mr. Williams?

A Yes.

THE COURT: No. Not on June the 18th, surely. I met Mr. Houlton in Oxford Street in front of Marble Arch, London, then. He wasn't there. We were both over in England.

MR. WEIR: Oh. There is no need of my asking

a question on that then.

THE COURT: We were admiring Hyde Park, and Mr. Max Moscovich came up along side of us and said "Hello."

MR. WEIR: Let us move to another meeting then. Let us move to the meeting of June the 14th, 1960. Now, on that particular, at that particular meeting there was a discussion by the Supervisor concerning the arrangements of about the bank, and so on, and then later on the supervisor, Mr. Hatch, mentioned about the fact that the Bank recognizes feed advances. Now, later on in the sentence, and I had better read the sentence. This is from the minutes. It says --"The Supervisor reported the Bank recognizes feed advances, but it is notthe intention of the Board or the Staff to notify the membership of this. It is still their responsibility to put up 100% of the feed." Now, this rather puzzled me, and I am just wondering whether ---The Bank recognizes feed advances, and yet the Board or the Staff are not to notify the membership of it. I'm just wondering, does this mean that only certain members are going to have this advantage. What was the meaning of this entry in the minutes?

A As I interpret it, to me it means that this is a case of where the advances would not be abused or to the point to where advances could be made, but not in every particular

case. For instance, we have to recognize, in my opinion this advancing to the Feeders got to be a bit of a convenience for them so that they would come in any timethat they wanted money. This is a case where you have to differentiate between those who wanted feed and those who wanted an accommodation loan.

THE COURT:

Q Using your Association as a Bank again?

A Yes, that is correct. And it seems to me that that was one of the prime reasons for that.

MR. WEIR:

Q That is not what is said though. It says---"It is not the intention of the Board or the staff to notify the membership of this." That is this arrangement of feed advances. Why not tell the membership? Certainly a good number of the membership got a good number of advances and in huge sums?

A Generally speaking you didn't have to tell them that you could get them. They were usually in for them from what I hear and from what I understand.

Q Certain specific members were in?

A Yes.

Q Was this only for those members then?

A No, I would say this, that it is a case here of where we thought so many people or so many of the feeders were better off not to have the advance if they could carry

their cattle without the advance. I think I pled through the Association, through various Associations for many years, and I only remember at one time I had an advance, and that was to buy some feed. I had about thirty or forty thousand dollars worth of livestock, and that was to buy some feed. So I know that it could be done, and if you can't get it you will get along without it or you will go to the Bank and borrow it.

Q Now, at another meeting I am looking at according to some notes I have here, a Board Meeting which you also attended on August the 8th, 1960, the supervisor Mr. Hatch asked the Board for permission to carry a cattle inventory for the purpose of wintering calves, and it was approved. Do you recall what this is about?

A I think so. Carry a cattle inventory, and that is what we had done all the time, but the thing is for the purpose of wintering calves.

Q Is it a personal item for Mr. Hatch, I am wondering?

A It was something where we recognized one thing that perhaps the Association would be well off or better off if we could buy calves and winter them through to go out as grass cattle in the spring of the year, and we would release them back to the different feeders in the spring of the year and in certain lots. It was a policy we were trying to establish provided that the cattle or calves were cheap enough. That was part of

our feeding operations would be to winter calves as well as fatten calves.

THE COURT:

Q What do you mean by cheap enough?

A By keeping them over.

Q Buying them cheap enough?

A No, not necessarily. It is a well known fact that these calves, they are just certain machines, and they can take so much feed and stand so much, and you had better grow them gently and they may not make too much for you in the winter.

Q Was that Association policy then that you would buy calves in the spring with Association money---

A In the fall.

Q ---In the fall, that is what I meant to say. And then put them out with somebody to hold?

A Yes, put them out with somebody to hold. Not to hold, but on a buy back basis.

Q Was that ever done?

A I think it might have been done in one or two cases.

Q We know it was done in one case this last winter with disastrous results. Was it ever done before to your knowledge?

A It might have been done in the winter of 1962, I can't tell you.

Q All right, that is fine.

MR. WEIR:

Q The next meeting, Mr. Houlton, is September 13th, 1960. I see an item marked "V. L. Burke-rejected-motion Keeler and Stevens on the basis he does not qualify under association regulations." Now, you were present at that meeting. Would you relate to us the discussion that took place at that meeting during which it was decided that Mr. Burke's application would be rejected?

A Yes. At that time I did not think that Mr. Burke was a good risk. I didn't think that he was the right type of man. I did not think that he was the right type of man to have in the association. He was a cattle dealer, and I thought it would be a good idea not to have him. And I think we rejected him on account that he was a cattle dealer and that he did not have just enough---

Q And he would be bidding against your own buyers in the sales ring?

A Yes, that could be. That sounds logical. At one time, and it should be in the minutes, that we did pass Mr. Burke as a candidate for credit.

THE COURT:

Q You did later. You took him in as a member on July 10, 1961?

A Yes.

MR. WEIR: And that was on a motion by Mr. Foote and Mr. Reynolds.

THE COURT:

Q On December the 16th, 1960 you turned him down, and then on July the 10th, 1961, you accepted him for $25,000.00. Now, why did you reject him in the first place and why did you accept him about 8 months later, if you can remember. I know it is hard. If you can help us we would appreciate it.

A It was quite a controversial application, and in the first place we did accept Mr. Burke. And after we had accepted him for so much money for credit his own bank decided that he was a good enough risk for them, and I think that they financed him at this time, so that he was off our books. Now, Mr. Burke came back---when Mr. Burke came back on, and I'm not quite clear, and I think that there are some of the members of the Board members who wanted to know--"when did Mr. Burke get back on our books?"

THE COURT:

Q Mr. Foote moved it and Mr. Reynolds seconded it, the membership application, for $25,000.00 on the 10th of July, 1961. And it was approved. Well, let's go on then.

MR. WEIR:

Q I'm just wondering, on the meeting following that meeting that he was accepted, and I'm referring to the meeting of August the 15th, 1961--"Supervisor reported from the minutes on the Virgil Burke account that it was unlikely

Q: Remember the Jackie-Jono turned him down, and then on July 4th 1961, you acquired him for $25,000. Now, why did you replace him in the first place and why did you accept a mere about a month later, if you can remember. Know it is hard. If you can help us we would

A: The major [illegible] transcontinental syndication, and in our larger plans we did [illegible] work [illegible] a strong [illegible] and in [illegible] this we [illegible] let's [illegible] that [illegible] work. [illegible] work--when do [illegible] back [illegible] "[illegible]", and [illegible] there are some [illegible] members of the board members [illegible] when--when did [illegible] we are [illegible] of our people.

Q: [illegible]

A: Uncle Miles [illegible] and Mr. Washburn acquainted us, the membership agreeing [illegible] $25,000.00 on the 10th of July, 1961. Also [illegible] were approved. Well, let's go on then.

Q: What:

I'm just wondering, on the [illegible] set [illegible] by the meetings [illegible] referring to the meeting [illegible]

Q: Yes [illegible] Superviser reported [illegible]

that he would be using the limit set."

Now, I'm wondering if even at that stage there were certain objections raised by certain members of the Board concerning the acceptance of Mr. Burke's application for membership?

A I don't remember the report, but the Bank was going to finance him and we didn't have to take him. As far as I am concerned that is the last of Mr. Burke's application here. I realize that there is a minute here that he was accepted for $25,000.00.

THE COURT: He got up to 42 eventually.

MR. WEIR:

Q At another meeting on October the 25th, 1960, it refers to the change of the year end from July 31st to December 31st. Now, this was actually not a motion by yourself, but you were present at that meeting. Can you recall any reasons for the specific change, and if there is any discussion against the move and so on?

A No. It was discussed fully, and it was decided in favour of moving the year end either forward or backwards. I think it was moved forward, but I'm not sure. I think it was moved back to the----

Q It was moved from July to December 31st?

A Yes.

Q But no one spoke against that?

A No. It was argued that it would be better.

Q Now, at a meeting of March 27th, 1962, I notice that you set aside $6,000.00 for provision for doubtful accounts. Were any doubtful accounts discussed at that particular meeting?

A Well, I should say, Your Honour, that there must have been for the simple reason that that would be the reason for setting the $6,000.00 aside for doubtful accounts.

Q And you don't recall which specific accounts were discussed at that meeting?

A No.

Q And on the same page of my notes here I have a reference to the difficulty of the Brandley account which we referred to this morning. I am just wondering if you were aware of the arrangements in connection with the Noel Brandley account that Mr. Hatch concluded was discussed earlier this morning. If you were here earlier this morning, this special feeding arrangement of the inventory of calves?

THE COURT: Now, you are up to 1963?

MR. WEIR: Yes.

Q Do you recall that incident? Was the Board contacted concerning this? It would seem to be an unusual arrangement. The calves were purchased and three of the lots went out on normal arrangement and yet in connection with Mr. Brandley, he was given 16¢, which was a guaranteed amount for feeding the calves, and the association was in

[illegible] at a meeting of March 27th, 1963, I notice that you set aside $6,000.00 for provision for doubtful accounts. Was any doubtful [illegible] discussed at that particular meeting?

A [illegible] I, I should say, Lord Hounds, that there [illegible] some [illegible] simple reason [illegible] that would be the reason for setting [illegible] $6,000 aside for doubtful accounts.

Q And [illegible]

[illegible] BETTING?

A No.

Q And on [illegible] on [illegible] there [illegible] a bet [illegible] value [illegible] television [illegible] which we [illegible] sworn [illegible] swear [illegible] the examination [illegible] with the [illegible] Bradley account that Mr. Hotel contributed was disposed [illegible] for this [illegible] If [illegible] were [illegible] in [illegible] mounting, [illegible] suggesting [illegible] the inventory of [illegible]:

THE COURT: [illegible] are up to 1963.

MR. WHITE: [illegible].

Q Do you recall that incident when we found [illegible] concerning [illegible] would seem to be an unusual [illegible]. The [illegible] were [illegible] and three of the [illegible] [illegible] and yet [illegible] connection [illegible] was a [illegible]

effect taking a gamble. Was the Board contacted about this? Did they know about this particular matter or not?

A I can't say that they were. The Brandley account, as far as I was concerned, was something that we inherited from the Imperial Bank, and, I think more than anything and since we had it we were handling the cattle, it was back and forth, and the particulars pertaining to it I am not very clear about.

Q I notice that you attended the meetings most regularly, and for that I compliment you, and I am just wondering if you recall any discussions about this matter in Mr. French's testimony. He said that he was not in on the arrangements made, and I am just wondering if you heard any discussions about this particular transaction at any Board Meeting?

A No, I can't say that I did.

THE COURT:

Q That is just a year ago now?

A Yes.

Q Mr. Paxman got some of the calves, and some went to the United States, and these 300 and some odd were put out on Mr, with Mr. Brandley with an agreement with Mr. Hinman that he would get 16¢ a pound gain. Have you no recollection of that?

A No.

Q And as far as you know it was not discussed in the meeting?

A No, not to my recollection.

[illegible] contracts. Has the board contacted about [illegible] the know about this contractors matter or not?

I doubt say that they were, the [illegible] account [illegible] as I was concerned, was something that we inherited from the Imperial Bank, and I think more than anything else we [illegible] we are handling [illegible] and [illegible], and the contractor [illegible] very clear [illegible]

Q I notice that you criticize [illegible] preferences [illegible] partially, and [illegible] that I compliment you, and I am [illegible] according to [illegible] any disadvantage about this case. In [illegible] the testimony, he said that [illegible] made, and I am just wondering. If you heard [illegible] about this total [illegible]

A No, I [illegible] not [illegible]

THE CHAIR:

Q That is just a [illegible]?

A Yes

Q Mr. Taylor [illegible] in the [illegible] and [illegible] work in the United States, and these [illegible] and some old [illegible] out [illegible] Mr. White Mr. Chandler with an agreement with Mr. Simons [illegible] it he [illegible] get like a [illegible] gain, have you no [illegible]

Q This is just a year ago?

A Yes, I know. As far as the Brandley account goes it was more or less of a puzzle all the way down the line, and we have Mr. Brandley's account, we had it years ago, and then we didn't have it, and then we get it back again, and the Bank gets it, and pretty soon we don't know who has it.

MR. WEIR:

Q You knew it was a concern when you signed that letter and send it to Mr. Bradstock?

A Yes, that is true.

Q So if it did come up at a Board Meeting in 1963 there is every liklihood that you would have remembered it being discussed?

A Yes.

Q Now, if you will go back from 1963 to a meeting of September the 11th, 1962. I see that there was a motion accepted that the Association go into the hog business with Wayne Smith. Now, was this a departure from the usual feeding association activity?

A Yes. We didn't have any hog feeding account that I knew of except that in the first place one of the prime reasons for bringing Mr. Burke in was on account of him being a big hog feeder, and that was at the time that the bank decided to finance him instead of us.

THE COURT:

Q You don't remember Wayne Smith in the hog business?

A I don't know. Where is he located?

Q Hillspring.

MR. WEIR:

Q I gather it wasn't the feeding type, was it?

You were raising hogs, that is the impression I get.

THE COURT:

Q You advanced several thousand dollars to buy sows, do you recall that?

A I don't recall that, Your Honour, but I think that the question should be answered or could be answered better by some of the other directors who are in that particular part of the country.

Q All we want to know is what you can remember.

MR. WEIR:

Q Now, I notice that at a meeting of December the 11th, 1962, the "Board discussed with the supervisor a matter of criticism in the areas as far as our loaning regulations were concerned." Now, can you recall the criticism? This is December the 11th, 1962, a meeting which you attended. What were the loaning regulations that you were concerned about? Too much money being loaned out or not enough money being loaned out or what?

A I don't know about that conversation.

Q I am just reading from the minutes.

A This is very sketchy in putting this down, but it does

Q. Yes. I mention that at a meeting on December the 11th, 1962, the Board discussed with the superintendent a number of criticisms in the areas as far as our regular verifications were concerned." Now, can you recall the criticism that December the 11th, 1962, a meeting which you attended, what were the learning regulations that you were concerned about? Too much of may being loaned out or not enough money [illegible] and out of what?

A. Without that overseas

Q. Don't remember Wayne Smith in the bug business?

A. I don't know. Where is he located?

HIZ: Irving.

MR. WEIR:

I gather it wasn't the feeling then, was it? You were relying more [illegible] as the information I get.

THE COURT:

You advanced several [illegible] in any event, do you recall that?

A. I don't recall that. Your Honour, but I think that the question should be answered or could [illegible] weed better by some of the other directors who are in that particular part of the country.

Q. All we want to know is what you can remember.

MR. WEIR:

not relate to any question that might be asked.

Q I had hoped that it might refresh your memory as to what was discussed?

A No, it does not.

THE COURT:

Q You did try and get another $500,000.00 from the Bank of Commerce, or didn't you?

A Yes, that is true. We tried to get more money from the Commerce in 1962, and I think that they did extend some part of the loan, two or three hundred thousand dollars.

MR. WEIR:

Q Now, at a meeting of April 23rd, 1963, there is an item marked on the minutes---

THE COURT: No.

Q I don't think that you were there in April, were you? When is the last meeting that you were at?

A April, 1963, I was on the Board until 10 or 12 days after we, after Mr. Williams informed me about this.

MR. WEIR: This is 1963 I am talking about.

THE COURT: Oh, I'm sorry.

MR. WEIR:

Q April 23rd, 1963, there was a meeting which you attended. "The supervisor and the Board reviewed the credits and made some changes as entered on the credit application." Now, again there is no check on the ledger cards at all. These are the statements that Mr. Hatch prepared himself

[illegible]

[illegible] to any question that might be asked.

[illegible] hope that it might refresh your memory as to what happened?

No.

[illegible] and get notice 8500 [illegible] 11[illegible] [illegible] no [illegible] of [illegible] [illegible]

[illegible] Commission in 1962, [illegible] that they did [illegible] part of the [illegible] [illegible] [illegible] [illegible]

MR. WEIN:

Q. Now, at a meeting [illegible] April 23rd, 1963, [illegible] [illegible] marked on [illegible] [illegible]

THE COURT: No.

Q. I don't think that you were there. April, [illegible] When is the last meeting that you were at?

A. April, 1963. I was on the board until [illegible] or 12 years ago, after Mr. William informed me about it.

MR. WEIN: This is 1963 I am talking about.

THE COURT: Oh, I'm sorry.

MR. WEIN:

April 23rd, 1963, there was a meeting which you attended [illegible] minutes. The board reviewed the credits and changes as entered on the credit application."

Do you [illegible] the ledger [illegible] [illegible]

that are discussed, I take it. Is that correct?

A That would very likely come from the list of credits that would be prepared to present to the Bank. There might have been some of those raised.

THE COURT:

Q You saw those?

A Yes.

Q But you never looked at them very closely?

A We went through these things and agreed how they coincided with their credit rating, and the reports that we had on them, and their operations from the year before as to what amount of credit these people would, that we should give them. And that is when we set the credits for these people, and that is how.

Q In referring to Exhibt B 8 that had on it the apparent amount that each member owed at that time.

A Yes, some of them would have.

Q Every person is noted here as owing so much money on the 31st of March?

A Yes.

Q And no one of the organization, none of the directors ever went in to any ledger cards to check these figures?

A No.

Q You took the supervisor's word?

A Yes. Of course for the amounts that we thought were excessive we would say "Why this or Why that?" And this

that are dangerous, I take it, is that correct?

That would very likely come from the list of articles that would be prepared to present to the bank. There might have been some of those raised.

THE COURT

Q

But you [illegible] had at the very closest

We met . [illegible] the things who agreed to [illegible] with their credit rating, and the reports that we received, all their operations from the year before [illegible] amount to need [illegible] these people would, that we should [illegible] those. And that is when we got the credits for these [illegible] all that now.

Q In referring to Exhibit [illegible] that had in it [illegible] student loan each member owed a [illegible] time.

A Yes, some of them could have.

Q Every person is noted here as owing so much money on the List of Members?

A Yes.

Q And as one of the organization, none of the directors ever went out to any ledger cards to check these figures?

A No.

man had perhaps $20,000.00 worth of cattle not quite ready, but which would be ready, and which would be marketed, and before that this other bunch of cattle went in, and so on.

MR. WEIR:

Q Now, on March 31st, 1964, I believe that the meeting that you, that your resignation was sent into theBoard?

A Yes.

Q Would you mind telling us the reasons that prompted you to resign?

A I have here a sketch copy of the meeting that I called together on behalf of the Board of Directors about ten days after I got word from Mr. Williams that the, about the withholding of information. I called the Board, I called Mr. Keeler, together,Mr. Paxman, the Vice-President, and the Bank officials, and we discussed this thing, and later on that day we had another meeting, and we had Mr. Hatch there, and I think the full Board, or the day after, and we had two or three get togethers and then I decided or we decided what we were going to do was to call the membership. So we called the membership together on the, I think the 20th, but I'm not sure. It was the first meeting we had to let them know about the situation. And in my opening remarks I said:-

"Ladies and Gentlemen---

This meeting has been called to inform you of

that had perhaps $50,000.00 worth of certain rot guts
goody, but which would be
marketed and before that other bunch of certain
want it, and so on

Mr. [illegible] I believe that the meaning
that you, sir, your resignation was sent in [illegible]
yes.

Would you kind [illegible] the reason [illegible] prompted
to resigns?

I have been a social [illegible] for [illegible] years
to either on board or [illegible] years or [illegible] about ten
days after [illegible] and then [illegible] was [illegible] about
the withdrawing of [illegible] when [illegible] and
called [illegible] Faculty, the [illegible] and [illegible] students,
and the [illegible] officials, and [illegible] discussed [illegible] days, and
later on the day [illegible] another meeting [illegible] we
Mr. Hutton there, and I think the full Board, for two days
after, and we had two or three get together and then
decided or we decided what we were going to do was
to call the membership. So we called the membership
together on the, I think the 20th, but I'm not sure. It
was first [illegible] we had to let them know about the

the state of affairs of your feeder association, and was made necessary by a report from the auditors that all was not well, it had been discovered during the annual audit that there were huge accounts with very little or practically no security, and discretionary powers of the supervisor had been excerised by him with ridiculous indiscretion and has endangered all our security, still leaving extensive losses at the Bank. Since your Board learned of this state of affairs, they have put into motion a check of all cattle and feed lots in an endeavor to get a true picture. We hope you will approve the presence of our legal representative Mr. W. E. Huckvale whom we have asked to attend.

Mr. Williams our auditor is also here and will answer relative questions.

Mr. Hatch will also make a statement and answer questions. It would appear that we have two ways to go.

The one is to go into liquidation, your membership fees and reserves will cover part of the loss.

The other way is to reorganize and continue business with the association absorbing the loss amortized over a period of ten years, this way the membership and reserves might be saved.

The influence of the withdrawal of Leth. Central Feeders from Southern Alberta will have a depressing effect on the market and competition will take full advantage of our absence.

Our market connections all over the Pacific North West has helped to keep the local market strong and buoyant affording us an outlet that has helped the economy of Southern Alberta successfully, for 20 years.

I am of the opinion that an advisory group of 3 or five members be elected from this meeting to sit with the board, in an advisory capacity to help study this difficult situation.

These are my opening remarks."

And then after this, after I had said this, and opened the meeting that way Mr. Hatch made a statement, and there is no doubt that that statement is in the record. I have a copy of the statement that he made, and I did not read mine, of course, but since you know what it is there is no point in reading it. But it was a statement where Mr. Hatch had said that-"What is the purpose of this meeting? It is simply this, the loaning policy as carried out by the supervisor of your association have been unsuccessful in the cases of a handful of feeders, and the security for memberships and reserves is in danger. The sad fact is that these difficult accounts were con-

cealed from the Board, the Bank, and the auditor in an effort to keep the association alive. How did it happen? Many of you know only too well the original stated policy of the feeders association was this. You put up the feed and you put up the cattle and the possibility of loss is very small. In my administration of this stated policy I departed from it in these cases. The men who got behind in their feeding or farming operations we assisted them to recover by advances for feed. Many of these were successful over the 12 years-----"

MR. WEIR:

Q Excuse me Mr. Houlton, but this has already been put in?

A I just wanted to show what happened. It was only just a few minutes after this discussion there was a resolution from the floor that came from the members, and I think, I think maybe 100 or 125 or 130 members, or maybe not quite that many, at this meeting. There was a resolution came through that there be a vote of confidence in the supervisor and the Board of Directors. This carried almost unanimously.

THE COURT:

Q There was one vote against it?

A Yes. I said almost unanimously, Your Honour. So right there I could see that perhaps the thinking was not quite right, and I just couldn't quite go along with that attitude, and I went home and I thought it over.

MR. WEIR:

Q You left the chair at that meeting, I believe?

A Yes. My wife was sick that night and I said I wouldn't be very long, and this thing was going on and on, and we were out in the country, and she was in bed, and I thought I had better get back. I didn't feel very much like staying to tell you the truth after this vote of confidence. As I say, the next morning after I thought it over I thought that the best thing I could do was to resign because I didn't think the way that the rest of them were thinking, and they will have a new President, and they could think it over from a different angle, and that it would not be very long until there would be an annual meeting and I could go to that. Those are the things that induced me to resign from the organization at that time. I thought I would be better out of it than in.

Q That is all I have.

MR. MOSCOVICH CROSS EXAMINES THE WITNESS:

Q How old are you Mr. Houlton?

A Going into my 72nd year.

Q And you are not in the best of health?

A Not really, no. Not really. I can only answer that sir, that you could get a report on that from the doctors.

Q I believe you implicitly Mr. Houlton. Now, you wholeheartedly agree with me that to the knowledge of the Board things were not done strictly according to the

Company Charter?

A Yes. I will have to acknowledge that. If I may say a word here, I would like to say this, that the business of the Association, and the show window, that is as far as the Board of directors were concerned, was the fact that we now had a good financial statement, and for a number of years, and when I say that they were not what we would call too bad. There was no alarming features about them. We knew that we had several cases that were not good, but on the other hand we had a good financial statement as far as I knew. And we also had ---Now, the bank manager who was going around to the corrals and keeping track of the cattle that was in there, what he found as far as not being branded and other things, of course that was later on. But for the past three or four years we had this check and it gave us confidence that we were going in the right direction.

Q I don't want to stop you at all, Mr. Houlton, but I only want to ask you a few questions. The Board equally was aware that the members in the association were receiving larger credit, is that correct, than authorized by the bank?

A Well, of course our hindsight is better than our foresight.

THE COURT:

Q It is not hindsight. Did the Board know that the figures

in those statements were not correct?

A No, we thought that those figures in that statement were covered by the amount of money that was owed in cattle, and the advances that these cattle were in fact in those corrals to make up that amount of money.

MR. MOSCOVICH:

Q Mr. Houlton, the figures on the charts which you never looked at, and which His Honour has referred to, were different than those figures left with the bank, the figures as to credit. You found that out later on?

A Of course, not being on the Board after ten days after this broke, whatever was found out I wasn't in on it.

Q But you did learn that certain members received larger sums and advances than authorized by the bank?

A Yes.

Q And the actual sums that were advanced, and remember this, the actual sums that were advanced were the larger sums available to you to examine in the office if you look at the chart?

THE COURT:

Q If you looked at the ledger cards?

A Yes. But as far as looking at the books was concerned, I didn't look at the books or neither did any other director look at the books.

MR. MOSCOVICH:

Q But the truth of the matter is that the accountant saw

those figures, Mr. Williams or his partner, saw those figures in the office, which were the so called advances alleged tohave been made to the members. To you knowledge did Mr. Williams ever see the Bank figures?

A Well, of course not to my knowledge. I wasn't in touch with Mr. Williams about the accounts at all only during audit time.

Q There was no question in the world that the Board of directors, although they did not know ever case involved, must have known that advances were made to people that were larger than those authorized by the bank?

A You say that the Board must have known that?

Q Should have known. May I give you an illustration as to that. You were dealing with the Burke account?

A Yes.

Q I think that the Judge said, I think that His Honour intimated that the credit allowed to him finally over and above, notwithstanding your earlier objection, was $25,000.00.

THE COURT: I don't know what it was the last year.

MR. MOSCOVICH: Originally.

THE COURT: Yes.

MR. MOSCOVICH:

Q And you knew that more than that was advanced to him?

A I can't say that. I don't know that more than that was

advanced to Mr. Burke. I didn't know that.

Q Now, your original business, you have been with that concern for very, very many years, with the Central Feeders?

A Yes.

Q And originally the business was peanuts, on a small scale?

A Yes.

Q And it grew to the, it grew under the supervision of Mr. Hatch to a large business in which you borrowed up to three million, or a little over, ten million dollars in three years. You knew that?

A Yes.

Q And it was no longer the little affair that you originally nurtured, was it?

A No.

Q And you told us that the members, that I think I am right, that the members did almost unanimously pass a vote of confidence in Mr. Hatch?

A Yes, and that is on the record.

Q And what date was that, do you remember? Was it March?

A I think March.

THE COURT: March 27th or 28th.

THE WITNESS: Yes.

MR. MOSCOVICH:

Q And at that meeting everything practically was disclosed?

A Yes, practically.

Q And as a matter of fact, and I don't know how you took it,

but the entire difficult problem and mess could have been settled very amicably with the bank if your members had agreed to it?

A In some form or another perhaps.

Q And it was an equitable offer?

A I don't know whether you are talking about the offers made since I have been off the Board.

Q Well, either that or---you got off the Board in March, did you not?

A Yes.

Q But the offer must have been made later on?

A Yes.

Q Did you know anything about it?

A No.

THE COURT: Equitable for whom Mr. Moscovich?

MR. MOSCOVICH: For both sides.

THE COURT: If I am a feeder and I haven't borrowed any money for feed, and I don't owe the association any money, would it be equitable for me to put up some money to bail out the people who have?

MR. MOSCOVICH: Yes, it would be if I were in law liable for it.

Q Now, to the Board's knowledge private transactions were going on by the members of the staff. You knew of one or two?

A What do you mean?

Q If you don't know---

THE COURT: He said that he didn't know anything about the cattle company. He didn't know anything about Riverview.

MR. MOSCOVICH: Private transactions. If he doesn't know he will tell us.

Q Since 1954 when a resolution was passed frowning upon private deals do you know or did you know when you left the organization's office that some ofthe members of the organization were making private profit?

A No.

Q I have just one or two more questions Mr. Houlton. By giving these members of the Association larger credits than the bank authorized---Do you see what I mean?

A Yes.

Q Who in your opinion benefited by those acts?

A Of course the people who got the credit.

Q Yes. It would not be the supervisor in person, but it would be the people who got the credit?

A Yes.

Q Now, I think that you touched upon this this morning. You knew Tom Hatch, the father, or did you hear of him?

A I only heard of him. I didn't know him personally.

Q I think that he lived in Cardston.

THE COURT: A very fine gentleman.

MR. MOSCOVICH: Yes. I acted for him Your Honour.

Q And you knew that he left his son some property?

A Yes.

THE COURT: Would you like the particulars Mr. Moscovich?

MR. MOSCOVICH: Yes.

THE COURT: The transfer to the Hutterites was $120 some thousand.

MR. MOSCOVICH: My information was that his share was only $35,000.00.

THE COURT: Oh well. Here is a transfer of the Hutterian Brethern of East Cardston of $123,550.00 if you want that information.

MR. MOSCOVICH: Thank you very much.

Q You knew that he had inherited ---It was you that had mentioned this morning ---You knew that he had inherited money?

A Yes, I heard that.

Q And you also knew, or did you hear, that in July, 1964, that he transferred or agreed to transfer some property to the Association?

A I know nothing of the Association business since I left.

Q And is it well known to you, and if you don't know tell me you don't know, that all that he took along was the inheritance from his father's estate. Do you know that or don't you know that?

A No, I don't know.

Q Thank you very, very much.

THE COURT: Mr. Leitch?

MR. LEITCH: No questions.

MR. PROWSE CROSS EXAMINES THE WITNESS:

Q Mr. Houlton, when you changed banks, or the Association changed banks, the new bank laid down strict ground rules on which you were to operate the association?

A Yes, I think that they did. I don't know what they were, but I know that many of them do that.

Q You don't know whether or not at this time what they were?

A I never saw anything written out or had anything mentioned to me about it.

Q You met with them, didn't you, and were required to submit a list of accounts receivable every month?

A We didn't. I think Mr. Hatch had all this ironed out before the Board met with the Bank at all.

Q Well then, let us move from 1960 to 1963. In January---on January 15th, 1963, did you meet--that was when the account moved from Mr. Bradstock over to Mr. MacLean. Do you recall that?

A Yes.

Q And did you meet with Mr. MacLean and your supervisor and the supervisor of the Canadian Imperial Bank of Commerce from Calgary, Mr. Johnson?

A Yes.

Thank you very, very much.

THE COURT: Mr. Jackson.

MR. JACKSON: No questions.

EXAMINATION BY MR. [illegible]:

Q Mr. Horton, the year changed from [illegible] to the associated changed beside, the new barn laid down street around [illegible] on which we were to operate the [illegible]

A Yes, I think [illegible] I don't know what [illegible] but I know that [illegible] on [illegible]

Q You don't know [illegible] for at this time were [illegible] work?

A I never saw [illegible] to Mr. [illegible]

Q You me [illegible] since you, and were [illegible] a job or [illegible] [illegible]

A We didn't [illegible] [illegible] [illegible] [illegible] [illegible]

Q Well then, let me move from 1960 to 1963. In January, January, 1963, did you [illegible] when the [illegible] moved from Mr. [illegible] over to Mr. Meadows, do you recall that?

Q And you were introduced to Mr. MacLean at that time along with some of the Executive?

A Yes. I have known Mr. MacLean a long time before that, and I also knew Mr. Johnson, and also the bank people, and Mr. Paxman was there, and we all knew each other.

Q You had a nice meeting with them that day?

A Yes, and they took us to lunch.

Q And I think at that time your executive undertook with the bank that you would get the accounts receivable confirmed, that you would take a concentrated effort to get the accounts receivable confirmed?

A This was a separate meeting, was it?

Q This was a meeting when the changeover took place and Mr. Johnson, the supervisor, was down, and Mr. Paxman was there with you?

A This was in the nature of a lunch in the Chinook Club. There was no business transacted there that I know of. At a later meeting after they were at the office later it might have happened.

Q You have no recollection of an undertaking with the Bank to get the accounts receivable confirmed?

A No. But it seems to be a reasonable thing that we would, but I don't recollect it.

Q Do you remember discussing with the Bank the importance of not letting the members exceed their credit limit?

A Yes.

Q You remember that?

A Yes. I had quite definite ideas on that.

Q And do you remember promising the Bank that the cattle would be branded immediately?

A That was in the contracts. Yes, that was part of the deal.

Q And were the cattle always branded immediately?

A It was a rather difficult situation. You get maybe 500 head of cattle shipped into the country on order for the feeders, and there would be perhaps say a carload going to Barnwell and another carload going to Taber, and two carloads to Raymond, and so on. And these cattle that come directly from the point of embarkation to the point that they had to be handled right here. They were immediately branded for the simple reason that the facilities were not there when they arrived to brand them, but it was the responsibility of the feeder to get these cattle branded. Of course that is in the contract that the cattle must be branded by the Association brand. It was taken for granted that the field staff were doing this. These men would have to sign for the cattle when they got them and in inspect them to make sure that everything was all right. There was usually a representative of the association there when the cattle arrived so that it was not always possible unless you shipped cattle directly into the holding pens, and if we did that then we would

have to take them off and brand them and take them out and take them back to Taber or Barnwell or Raymond or Picture Butte, wherever they were going. So that it was no always possible. Our branding irons were not at Swift Current or Maple Creek or whereever the cattle came from. The branding was done always on the locale.

Q But in any event, Mr. Houlton the association failed to keep up the branding as the bank required them to?

A Not willfully. I think by passing this responsibility, if it is one, and it is not a responsibility, to the feeder, and he slipped down and perhaps it was several days before he got caught up because we do know that there was cattle in corrals that were not branded.

Q Yes. The bank wrote you quite often about cattle not being branded?

A I never did receive one letter. I have never received one letter from the bank about the brandings. All that I got from the bank was word of mouth from Mr. MacLean. I would say "where did you go?" "have you been here?" "what did you see?" and so on. "Well, he saw some cattle that were not branded." "Well, we will see about it." And this was brought up with the supervisor and also brought up at the next board meeting, so this thing should have been looked after in a very simple way.

Q But it was not?

A Well, it is like the contracts, that they would order the

cattle, the feeders would order the cattle, and the cattle would come to their account, and they wouldn't know exactly just when they were going to be there, and the first thing they knew that they had the cattle arriving there at their farm and didn't have the contract. And then they had the cattle and accepted them, and made the contract, that made the contract perhaps seem secondary, so that is why there was some delay in the farmers not getting their contracts signed on time.

Q Who took the cattle out to them?

A The shipping firms. Whatever truck brought the cattle down. The cattle were brought down to Pincher Creek or some other market, or trucked down to them from up in that part of the country, or by one of our truckers down here in this area.

Q How many office employees did you have? How many employees?

THE COURT: I think we know that Mr. Prowse.

MR. PROWSE: He is making quite a problem over getting contracts signed.

THE COURT: He is pointing out that cattle would be shipped out from Edmonton, say, to Raymond, and the cattle would arrive, and the contract would not be signed. It is very easy to us to say that everybody should do everything perfect today sitting here. We are great here to decide that everybody should be perfect. And you know as well as I do that everybody isn't perfect,

and they didn't do everything on the day that they should have, and sometimes they forgot to do it altogether. Several of these contracts show that they were never signed.

MR. PROWSE:

Q Mr. Houlton, I want to show you an exhibit, D 9, and there was---you were earlier asked about a director's meeting held in April of last year. On April the 23rd of last year at a meeting of the Board of Directors, and it reads---

> "The Supervisor and the Board reviewed the credits and made some changes as entered on the credit application."

Now, would this be the document that you were dealing with at that Director's Meeting?

A I can't say that. I can't recognize the document.

THE COURT: Is that the handwritten one?

MR. PROWSE: Yes.

Q Do you remember looking at sheets that big at the Director's Meeting?

A Yes.

Q And thepurpose of this sheet and the other big sheets was to submit them to the Bank of Commerce, is that correct?

A Yes.

Q And as far as you know the Board of Directors did deal with this and left it to the supervisor to deliver it

to the Bank?

A I should say yes.

Q And in as far as the agenda of the Directors Meeting, that was left to the supervisor to prepare the agenda for the meeting, and you discussed what matters that he brought up?

A Yes. He was the secretary of the Association.

Q That is all.

THE COURT:

Q Mr. Houlton, I notice that on October the 9th, 1962, was the last minutes of any meeting that you signed. You used to sign them very faithfully meeting after meeting. And then on October the 9th, 1962 you quit. Have you any reason for that at all?

A I have often been in the office and asked the stenographer whether the minutes for the meeting were available, and in fact I would want to look through them and remind myself and look at them to find out things we were going to discuss, and it was difficult to find them. The minutes of the meeting---

Q They were read at the next meeting?

A Yes, they were. And they were recorded.

Q Yes.

A They were not written down. It was talking into a mike, a dictaphone, or whatever it is, and they were recorded, and the minutes, I suppose taken from these---

Q And then read at the next meeting?

A Yes.

Q Why didn't you sign them?

A They were not presented to me to sign, and this is one of the things that I was getting concerned about, the perhaps sloppy methods in the office at the time and that we were coming down to the end of the line.

Q What strikes me is that here are minutes for 11 years that you signed, week after week after week, and then on the 9th of October you didn't sign those minutes, and you never signed them again.

A If these minutes had been presented to me, Your Honour, I would have signed them.

Q Yes, but you were the president Mr. Houlton. People don't present things to you. You ask for them.

A I did ask for them very often and they were not available. Mr. Hatch wasn't always around the office.

Q At the next meeting, Mr. Houlton---

A At the next meeting---

Q ---when they are read and anybody is asked "ommissions or errors and corrections." And then "no ommissions, errors, or corrections." And then you would sign them. Why didn't you sign them?

A Well, all I have to say about that, if the minutes had been there to be signed---the way that it happened here, usually the minutes were written down and the things

were discussed on the agenda that the secretary made out, and this is the agenda, and the minutes ---I didn't see them.

Q You must have seen them at the next meeting when they were read?

A I heard them read.

Q Now, the Hin Hat Som Ranch Ltd deal. Did you know that you were in business up in British Columbia?

A No.

Q Did you know that the association had any cattle up in British Columbia?

A No.

Q Did you know that Mr. Hatch and Mr. Sommerfeldt and Mr. Hinman in the firm of Hin Hat Som had several thousand dollars worth of cattle in British Columbia? Just yes or no.

A No, Your Honour. The first time that I saw that Hin Hat Som, whatever it is, was in March the 28th, 1964, when Mr. Williams handed me a statement of all these members and what they owed the Association. That is the first thing, the first time I remember seeing that.

Q Now you didn't feed in latter years?

A No.

Q And the last time that you did any heavy feeding was several years ago?

A Yes, 1957.

were discussed on the agenda that the secretary made out, and into the agenda, and the minutes --I didn't them.

Q You must have been there at the next meeting when they were

Q Now, [illegible] were in [illegible]

A No.

Q Did you know that the subscription had [illegible] [illegible] [illegible]

A No.

Q [illegible] Mr. [illegible] [illegible] Homes. In the [illegible] Mr. [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]

A No, you mean. The first time that I saw that bill was [illegible], wherever it was, was in which the [illegible] [illegible], when [illegible] Williams handed me a statement of all those members and what they owed the association. That is the first time, the last time I remember seeing that. You don't feel in [illegible]

[illegible]

any [illegible]

Q So in the last several years you were not an active feeder member?

A No, I was not a feeder member.

Q But you were still a member?

A Yes.

Q This is not the first time that the association got into serious difficulties?

A No.

Q Looking back through the minutes in the foot and mouth disease there was a debit of about $900,000.00 at that time?

A Yes.

Q And you worked that out?

A Yes.

Q Now, somebody was saying that the association grew and grew and grew, but actually in 1951 it was just as big as it is now?

A Practically. Your Honour, it should be remembered as big as now dollar-wise, but not cattle-wise, on account of the fact cattle was getting up around 32 or 33 cents a pound.

Q The loan in 1951 was $2,730,000.00?

A Yes.

Q And now it is $3,000,000.00?

A Yes.

Q So that there are more cattle now?

A No, I was not a leader member.

Q: You were still a member?

A Yes.

Q This is not about at time that is very, very, very into certain difficulties?

No.

Q Looking back through the microfilm, the one and hours disease there was a depth of about 800'.

time?

A Yes.

And you worked that out?

A Yes.

Q Now, somebody was saying that you approaching or grew and grew, but actually in 1951 it was just a as it is now?

A Practically. Your boring, it should be remembered as big as now dollar wise, but not cattle-wise. Of course of the fact cattle was getting up around 12 or 13 cents a pound.

A Yes.

Q But the amount of money was about the same?

A Yes.

Q And you did have difficulty in the years in getting members interested in the organization. I notice that in two years that you couldn't even hold an annual meeting, is that correct?

A Yes, Your Honour. It was, the difficulty there was not because the association was not working. It was functioning so well that nobody was concerned.

Q Yes, that is correct. 1957 and 1958 they just didn't turn out to the meetings?

A No, they just wouldn't come.

Q And you offered to buy them a dinner with their wives?

A Yes.

Q And did they turn up to that?

A No. They did one, but they expected it always after that.

Q Now, what possessed you to go into this sudden expansion about two years ago? You were doing very nicely with one set of books and one company and all of a sudden you have three companies, two subsidiaries, and all this sort of thing, set up. Who had that thought?

A These thoughts always came from the office staff or from the field staff and from Mr. Hatch that it would be a good thing. We had tried many years ago and hoped to acquire some summer pasture and buy a government lease

Q The amount of money was about the same?

A Yes.

Q And you did have difficulty in the years in question members incorporated in the organization. I notice that in two years that you couldn't even hold an annual meeting, is that correct?

A Yes, Your Honour. It was, the difficulty there was not because the association was not working. It was functioning so well that nobody was concerned.

Q Yes, that is correct. 1957 and 1958 they just didn't turn out to re- meetings?

A No, they just wouldn't come.

Q And you offered to buy them a dinner with their wives?

A Yes.

Q And did they turn us to that?

A No. They did once, but they suggested is always after that.

Q Now, what possessed you to go into this sudden expansion about two years ago? You were doing very nicely with one set of books and one company and all of a sudden you have three companies, two subsidiaries, and all this sort of thing, set up. Who had that thought?

A The guys at Jaya were first.

and hold cattle during the summer to take advantage of any gain they might have to put them in the feedlots cheaper and the same thing was the thought behind the holding pens, it was costing us close to $2.00 an animal to run them through the public yards, and we could do it for less than $1.00 by putting up our own yards, and the amount of cattle we would handle over the period of five or six years would pay for the yards, and it was fast proving out that way. That was one of the things. Now, about the commission firm it was a case that here again we often had cattle which would be sold to a commission firm and we were paying the commission for, and since we had many cattle left over by our members they could bring through our own commission firm, and it saved us the expense of 50¢ a hundred going through the other commissions.

Q That's fine. Are there any other questions?

MR. WEIR: I was wondering, your Honour, I don't believe we asked him about the Pereverziff account.

THE COURT:

Q Do you know anything about that? I think that he was asked this morning.

A I don't know anything about that. I asked a question once about the Central Livestock sign on one of these trucks, and I said"does that belong to us"and the answer was "no".

and cattle during the summer to take advantage of any gain they might have to put them in the feedlots cheaper and the same thing was the thought behind the holding pens, it was costing us close to $2.00 an animal to run them through the public yards, and we could do it for less than $1.00 by putting up our own yards, and the amount of cattle we would handle over the period of five or six years would pay for the yards and it was just providing out the way. That was one of the things. Now, about the commission firm it was a case that here again we [illegible] cattle which would be sold to a commission firm and we were paying the commission for, and since we had many cattle left over, our members they could bring through our own commission firm, and it saved us the expense of the cattle going through the other commissions.

That's fine. Are there any other questions?

MR. WHIP: I was wondering, your honor, I don't believe we asked him about the Perveratit account.

THE COURT:

Do you know anything about that? I think that he was asked this from the.

I don't know e[illegible]ng about that. I asked a question [illegible] about the [illegible]al Investment [illegible]

MR. WEIR:

Q Who did you ask?

A I asked some of the buyers or office staff around the yard. The truck was sitting right there in the yard. They said "no, that doesn't belong to us, it belongs to Pereverziff".

Q You never mentioned anything to Mr. Hatch about it?

A No, I didn't ask him any questions about it because it was as far from my mind that we owned any cattle trucks, and it was news to me if we did. I found out later that perhaps we were involved in them, but it was news to me.

THE COURT:

Q Didn't somebody ask that at a Board Meeting?

A I think so. I think they did, Your Honour, later on I think that that was asked by one of the members at a Board Meeting, and they got the same answer.

Q They got the same answer?

A Yes. It runs in my mind that we were not in the trucking business.

MR. WEIR:

Q You recall that you got that answer from Mr. Hatch at a Board Meeting?

A I don't know. I don't know who asked the question. There was an answer at the Board Meeting.

Q That is all thank you.

THE COURT: I think that this would be a good time to take a break.

(WITNESS STANDS DOWN)
(15 MINUTE ADJOURNMENT)

Q Why did you ask?

A I asked some of the buyers or office staff around the yard. The truck was sitting right there in the yard. They said "no, that doesn't belong to us. It belongs to Perseverance".

Q You never mentioned anything

A No, I didn't see the any questions about because it was so far from my mind that we owned any cattle trucks, and it was news to me if we did. I found out later that perhaps we were involved in. But it was news to me.

FURCOMAN:

Q Didn't somebody ask that at a Board Mee

A I think so. I think they did. Some moment later on I think that that was asked by one of the Board Meetings, and they got the same answer.

Q They got the same answer?

A Yes. It runs in my mind that we were all in the question business.

Q You recall that you got that answer from Mr. Hetten at a Board Meeting?

I don't know. I didn't ask who asked the questions. There was an answer at Board

THE COURT: Mr. Nilsson and Mr. Sucher, we had hoped to be able to hear you this afternoon, but I don't think we are going to be able to. We wish to hear from Mr. Keeler, Mr. Stevens, and Mr. Paxman, and I am sure that the three of them will take the hour.

MR. WEIR: There is another witness too, Your Honour, Mr. Kenneth Smith.

THE COURT: Yes, and Mr. Smith. I wonder if Mr. Sucher, Mr. Nilsson and Mr. Smith would be good enough to come back tomorrow morning at 10 o'clock and we will put you on right at 10 o'clock and we willthen continue with the other witnesses. I am sure that we are not going to have time this afternoon.

FRANK PROVERT STEVENS, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q What is your name?

A Frank Provert Stevens.

Q I believe you are the Mr. Stevens that was a member of the Board of Directors of the Lethbridge Central Feeders Association, is that correct?

A Yes.

THE COURT:

Q Where do you live, Mr. Stevens?

A Barnwell.

MR. WEIR:

[illegible] Mr. Wilson, and Mr. Snoman, we [illegible] hope to be able to hear you this afternoon, but [illegible] don't think we are going to be able to. We wish [illegible] Mr. Keefer, Mr. Stevens, and Mr. Paxman [illegible] I do hope that the three [illegible] then will take the [illegible]

MR. NEIL: There is another witness [illegible]

Your Honour, Mr. Ken [illegible]

THE CHAIR: Yes, and Mr. Neil [illegible] witness [illegible] Mr. Snoman, Mr. [illegible] Mr. Wilson would [illegible] among to [illegible] tomorrow morning at 11 o'clock [illegible] we will [illegible] you [illegible] [illegible] continue with the other witnesses. I am sure [illegible] [illegible] [illegible] [illegible] [illegible] been duly sworn, -- mixed [illegible] follows:

Q What is your name?

A Frank Prevost Stevens

Q I believe you are the Mr. Stevens that was a member of Board of Directors of the Lethbridge Chamber of Commerce Association, is that correct?

Q Mr. Stevens, I am now going to refer to some of the Board Meetings. Firstly, when did you become a director?

A As I recall it after the foot and mouth disease I imagine.

THE COURT:

Q 1952?

A 1953. In that neighbourhood.

MR. WEIR:

Q And how long did you remain a director?

A I have been a director since that time.

Q You have been a director since?

A Yes.

Q I'm going to now refer you to some of the questions that you have already heard here this afternoon, and the questions are relating to the minutes of the Board of Directors. The first meeting, September 18th, 1957, there was a motion by Mr. Dahl in connection with advances to staff being discontinued. Now, do you recall that particular matter being discussed?

A I didn't get the question.

Q You were present at a meeting on September the 18th, 1957, where there was a motion passed that"advances be discontinued to staff, and outstanding balances collected on a reasonable basis so as not to embarrass." Now, do you recall that particular matter being voted on so that the staff would have no more advances, and that they be turned back to the association, any outstanding ones?

Mr. Stevens. Am I now going to refer to some of the board meetings. Firstly, when did you become a director?

As I recall it after the foot and mouth disease I imagine.

THE COURT:

1952?

1953. In that neighbourhood.

MR. WEIR:

And how long do you remain a director

A I have been a director since that time.

Q You have been a director since?

Q I'm going to now refer you to one of the questions that you have already heard are this afternoon, and questions are relating to the minutes of Board of Directors. The first meeting, September 16th, 1947. There was a motion by Mr. Paul in connection with advances staff being discontinued. Now, do you recall what particular matter below recorded?

I didn't get the question.

You were present at a meeting on September the 16th, 1947, where there was a motion passed that "advances to staff, and outstanding balances collected [illegible] to be as not to embarrass." Now, do [illegible] similar matter.

A I don't recall it too clearly, but I believe that I recall it, I believe that I recall that motion.

Q Now, the next thing that comes to my mind is if after that particular motion was passed why in, on February the 13th, 1961, at a Board meeting was the application of Riverview Farms accepted? In fact I notice that you propose, you along with Mr. Keeler proposed that the account of Riverview Farms be accepted for membership.

A Like Mr. Houlton, I don't remember anything in regard to Riverview Farms.

Q No, but you made the motion Mr. Stevens?

A I didn't make the motion. I believe I seconded it.

THE COURT:

Q That is correct, you seconded it?

A Yes. But it doesn't mean too much. We came to an unanimous agreement in talking these things over before motions were passed, and somebody made the motion and somebody seconded it and it was unanimously passed.

MR. WEIR:

Q Were you aware of the individual who owned Riverview Farms?

A No, not as Riverview Farms.

THE COURT:

Q Who did you think was getting these cattle?

A We thought perhaps Mr. Hatch and his brother.

Q Yes, that is correct. You knew that Riverview Farms was Mr. Hatch and his brother?

[illegible] recall it too clearly, but I believe that a memo [illegible] believe that I recall that notion.

Now, the next thing that comes to my mind is [illegible] part of [illegible] was passed way in on February [illegible] 1961 or a month ending -- the publication of [illegible] review [illegible] accepted? [illegible] notice that in [illegible] story with [illegible] proposed that [illegible] Riverview [illegible] accepted for memo [illegible] Take Mr. [illegible] don't remember [illegible] regard to Riverview Wrecks.

No, but you made [illegible] point was [illegible] have

A I didn't make the point. I believe [illegible] succeeds

THE COURT:

Q That is correct, you [illegible] not

A Yes. But it doesn't seem too much [illegible] in comes to [illegible] agreement in terms [illegible] to [illegible] I [illegible] passed, and somebody may [illegible] motion and [illegible] assumed it and it was unanimously passed.

MR. WEIS:

Were you aware of the individual who owned Riverview Terrace?

No, not as Riverview

THE COURT:

Do did you [illegible] was sets, or those [illegible]

[illegible] Yes, [illegible] blue [illegible]

[illegible] was

A Not under the name of Riverview Farms.

Q You knew that Mr. Hatch and his brother were getting some credit?

A Had asked for it.

Q And at the next meeting when the minutes were read out it appeared that credit, that the credit was in the name of Riverview Farms?

A I don't remember that name.

Q But you know it was Hatch? You knew it was Hatch?

A Yes.

Q That is the point that Mr. Weir has brought up, in one year you said no advances to staff, and now in 1961 you are passing a resolution permitting the staff to get into the business with the Association, and that is what we are wondering about?

A I think that the reason that that was that they had taken over that farm from their father and the brother was operating the farm. And that was brought up at the meeting, that they needed some credit to get some cattle started there, and the judgment of the Board was that it would be all right to do it.

Q And you knew all about it?

A Yes, I think so.

MR. WEIR:

Q On April the 14th, 1959, there's an item in that Board Meeting which you attended where the supervisor reported

on stock cow company that was in the process of organizing and described its function as a rental agreement on cows. Now, do you recall this being discussed?

A I only recall it was mentioned in a Board Meeting, and I think Mr. Hatch mentioned it, he and some of his associates, business men around town and other people would like to start a business like that, and he asked the advice of the Board in that respect. But as far as I know that was dropped and nothing more came of it.

Q Now, on June the 15th, 1959, the same year, it was moved that Hatch be a shareholder only, and not active in the management and of business being transacted through the Association.

THE COURT:

Q You are suggesting, Mr. Houlton, that possibly the Central Cattle Company is not the proposition discussed at this time?

A I don't recall anything about that.

Q It may not be. I don't know.

MR. WEIR:

Q What about the meeting of June 15th, 1959? Isn't that the same item? It says--- Did you catch what I was reading before from my notes of the meeting, or did that noise throw you off?

A I think it did.

Q On June the 15th, 1959, I have a note here that Mr.

Hatton stock now company that was in the process of organizing and describe its function as a rental agreement on cows.

Now, do you recall this being discussed?

A I only recall it was mentioned in a board Meeting, and I think . Hatton mentioned it, he and some of his associates, business men around town and other people would like to start a business like that, and he asked the advice of the Board in that respect. But as far as I know that was dropped and nothing more came of it.

Q Now, on June the 15th, 1959, the same year, it was moved that Hatton be a shareholder only, and not active in the management and of business being transacted through the Association.

THE COURT:

Q You are suggesting, Mr. Houlton, that possibly the Central Cattle Company is not the proposition discussed at this time?

A I don't recall anything about that.

It may not be. I don't know.

MR. WEIR:

Wha about the meeting of June 15th, 1959? Isn't that same item? t says--- Did you catch what I was

Hatch was a shareholder only, and not active in the management, and that all business be transacted through the association for which acommission will be paid by the cattle company. Now, do you recall this being discussed?

A No, the only thing I can remember about that was that it was to be dropped and nothing more to become of it.

THE COURT:

Q On the 8th of July the Central Cattle Company went into business. But whether it is the same, I don't know. We don't know. But there is an organization known as Central Cattle Company which started up a ledger account, and that is apparently Mr. Hatch's. Do you know anything about that?

A No.

MR. WEIR:

Q You were present at that meeting when that motion was passed?

A My idea was that they said that they definitely changed their mind about the thing, and it was to be dropped.

Q Do you know who else was associated with Mr. Hatch in that venture?

A No.

Q What do you recall of a discussion in May, of the discussions rather, in May and June of 1960 at Board Meetings with regard to the change of banks, from the

[illegible] September only, and not active in the [illegible] ny, and that all business be transacted through the association for which association will be paid by the Gettle company. Now, do you recall this being discussed?

No, the only thing I can remember about that was that was to be dropped and nothing more to become of it.

THE COURT:

Q. On the 8th of July the Central Gettle company went in business. But whether it is the same, I don't know, don't know. But there is an organization known as Central Gettle Company which started up a larger account, and that is apparently Mr. Hatch's. Do you know anything about that?

No.

MR. WEAR:

You were present at that meeting when that matter was passed?

My idea was that they said that they definitely changed that mind about the thing, and it was to be dropped.

Q. Do you know who else was associated with Mr. Hatch in that venture?

No.

Royal Bank to the Imperial? Do you recall that?

A Yes.

THE COURT:

Q What was the reason for the change?

A It was during a hot period, shall we say, or a good period in the cattle feeding business, and our supervisor was, said that the bank manager was getting in trouble in getting these credits through, the amounts that they would like to have through, and that he was calling him on the phone continually. He said that he couldn't do anything else hardly except answer the phone. And---

Q That was Mr. Campbell?

A Yes. Mr. Campbell came to one of our Board Meetings before that time and sort of took Mr. Hatch to task for some things that he had not done, but it did not seem too important to the Board.

MR. WEIR:

Q Was Mr. Campbell complaining at all about the amounts that were being lent?

A No.

Q Or exceeding the amounts that were authorized or anything like that?

A No. His complaint was that the reports were not coming in on time and things of that nature.

THE COURT:

Q The brands?

Bank to the Imperial? Do you recall that?

THE COURT:

Q. What was the reason for the answer?

A. It was during a hot period, shall we say, or a good period in the estate feeding business, and our supervisor was said that the bank manager was getting in trouble in getting these credits through. He announced that they would like to have thrown, and that he was calling him on the phone continually. He said that he couldn't do anything else hardly except answer the phone. And---

Q. That was Mr. Campbell?

A. Yes. Mr. Campbell came to one of our Board Meet[illegible] before that time and sort of took Mr. [illegible] to task for some things that [illegible] it seem too important to the Board.

WEIR:

A I don't think that he mentioned the brands.

Q The contracts?

A No, not that time.

MR. WEIR:

Q And did I hear you correctly, it was suggested by Mr. Hatch if the move took place to another bank, and particularly the Imperial Bank, more credit could be obtained on individual accounts?

A I think that that was the idea. I think the idea was that more credits could be obtained on individual accounts. That was one of the reasons because business was good at that time.

Q Now, to move to something else which happened at that same meeting on June the 14th, 1960. There's an item here which I have already read this afternoon--

> "The supervisor reported that the bank recognizes feed advances, but it is not the intention of the Board or the Staff to notify the membership of this. It is still their responsibility to put up 100% of the feed."

Now, does this mean what it says that it means? What was really discussed at that meeting?

A If a person had got, if a feeder had, after a feeder had kept these cattle for a certain period of time he had an equity in those cattle, and that was discussed maybe up as high as five or six thousand dollars equity in them,

I don't think that has mentioned the brewing.

Q The secretary?

A No, not that time.

Q

WETER:

And did I hear you correctly, it was revealed by cross-
examination if the men took place on a [illegible] e basis, and
part clearly the important fact, not [illegible] that you
obtained an individual [illegible] recovery

I think that that was the [illegible] I [illegible] [illegible] there was
that more credits [illegible] or [illegible] [illegible] dual
accounts. That was [illegible] [illegible] [illegible] [illegible] as
was good at that time.

Q Now, to move to another [illegible] [illegible]
same meeting on [illegible] the 1st [illegible] [illegible] [illegible]
here which I have already read [illegible] [illegible]--
"The subcommittee recommended that the [illegible] [illegible] see
tees advances, but [illegible] not [illegible] [illegible] [illegible] of the
Board of the right to notify the membership of
this, it is still their responsibility
look on the [illegible]."

[illegible] what it [illegible] that it meant that was
[illegible] at that meeting?

[illegible] not, is a [illegible] [illegible]

[illegible] [illegible] [illegible]

and if he happened to need a little extra feed that that advance was given to that man according to the equity that he had in the cattle, and that was sort of a policy of the Board to set that up. But as far as keeping it private from the rest of the members, I don't think that that was so. I don't know what that means.

Q This was discussed ---This is the way it was worded at that meeting, and you were present, and you were also present at the following meeting on July the 19th, 1960, and I presume that the minutes of the June 14th, 1960, meeting were read at the meeting of July 19th, 1960, and approved?

A I imagine so.

Q And this particular wording that I have suggested was mentioned in the minutes --

> "But it is not the intention of the Board or the staff to notify the membership of this."

This did not ring a bell with you at that time?

THE COURT:

Q I must remind you, Mr. Stevens, that you moved the minutes of that meeting be read and approved?

A I think that the whole idea was that they tried to hold those credits down as much as possible, and although the thing might be allowed if they came and asked for it and needed it they would give it, but not to make it public to the feeder members.

Q You were not going to put a notice up on the door saying --"Credit, come and get it."

A It may be happened to need a little extra food that
[illegible] were given to that man according to the equity that
he had in the cattle, and that was part of a policy of the
Board to set that up. But as far as keeping it private
from the rest of the members, I don't think the that was
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A I imagine so.

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THE COURT:

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A I think that the whole idea was that they tried to hold
[illegible] conditions d[illegible] as much as possible, and although the
[illegible] might be allowed [illegible] they came and asked for it [illegible]
[illegible] would give it, but not to make it

A That's the idea.

MR. WEIR:

Q At a meeting of September 13th, 1960, you made a motion ---I'm sorry--- you seconded a motion whereby Mr. V. L. Burke's membership was rejected inasmuch as he did not qualify under the association regulations. Now, do you recall the discussion on that particular motion?

A The idea was, I think, he was not a bona fide farmer or feeder, and the thing that the thing was set up to oblige was that he was a buyer, a dealer, and the Board thought it was not practical to take him.

Q And yet on July the 10th, 1961, he was accepted for membership?

A I don't know when he was.

Q Did you express your annoyance about this fact?

A I don't recall it if I did.

Q What about the change of year end? Do you recall any significant discussions about the change of the year end? This was on October 25th, 1960, it was discussed, a change of the year made from ---a change of the year end made from July 31st to December 31st?

A I can't give you anything definite on that I'm sure.

Q You were present in a meeting on September the 11th, 1962, where Wayne Smith was to go into the hog business?

THE COURT: What is that date?

MR. WEIR: This is September the 11th, 1962.

There is a motion that the association go into the hog business with Wayne Smith.

THE COURT: That is what I thought it was, that the Association was going into the hog business.

MR. WEIR: Yes, I'm sorry.

Q That the Association go into the hog business with Wayne Smith. Do you recall this being discussed at all? It seems to be a little unusual for your normal operation to go into the business of raising hogs?

A Yes, it was unusual in that fact that we had no hogs or had not borrowed money to buy hogs before that time.

Q What was the justification for this instance?

A I believe, and I wouldn't say for sure, but I believe that the man was a member and did receive credit to buy cattle and he was of the opinion that the hog business was a good business and he asked the supervisor to present that to the board, and I believe that that was the idea that the hog business was as good a business as the cattle business at that time, or better.

Q It was not just feeding the hogs in this particular transaction, was it? Wasn't it to raise the hogs, or am I incorrect on that?

A The cattle was the same deal. They bought the cattle and fed them.

Q So it was your understanding that this was strictly the feeding of the hogs? It wasn't raising hogs?

THE COURT: Buying sows.

THE WITNESS: I was of the opinion that they gave the authority to buy those sows and feed them and raise the pigs.

THE COURT:

Q Do you remember that Mr. Smith was in trouble? He owed the Association a considerable amount of money, and it was the thought that maybe he could be bailed out in this manner. Do you recall that?

A I can't recall too much about that.

MR. WEL:

Q And then there was a meeting on December the 11th, 1962, where the Board discussed with the supervisor a matter of"criticism in the area as far as our loaning regulations were concerned." Now, do you recall what this criticism was?

A No, I don't.

Q Now, on March the 12th, 1963, there is a reference to Mr. D. J. Thiessen, Vauxhall. This is for membership which was tabled pending investigation by both you and Mr. Hatch. Now, what type of investigation would you normally do, thinking back on this particular account, what would you normally do in investigating an account?

A We wanted---we went to their farms to see that water was adequate, that feed was adequate, and that shelter was adequate, and things like that. We might ask the bank

Quoting some.

Mr. [illegible] I was of the opinion that they [illegible] exhaustively to our, those laws and local bnos and rules the page.

THE COURT:

Q Do you remember that Mr. Smith was, in his belief he owed the Association a considerable amount. I mean, as it was the thought that have be could be killed out in this manner. Do you recall that?

A I can't recall too much about that Mr. Wade.

Q And then there was a meeting in Jerusalem in [illegible] where the Board disagreed with the certificate in the order as let as the Lessons [illegible] were concerned. Now, do you [illegible] I mean [illegible] was?

A No, I don't.

Q Now, on Motion 129, which, [illegible] is a reference to [illegible] Citizens, Vanthoff. This is for [illegible] which was called pending investigation by both you and Mr. [illegible]. Now, what type of investigation would you [illegible] thinking back on this particular occasion, I was [illegible] do in investigating an accident? [illegible] ways to [illegible] to see that water was [illegible] treasure, and that also

in the vicinity about his standing as a business manager, and questions of that kind would be asked.

Q Were you acquainted with the membership account involving the Hin Hat Som Ranch?

A No.

Q Were you acquainted with Mr. Hatch's interests in that particular ranch in British Columbia?

A No, not until after this thing broke.

Q Were you acquainted with the Pereverziff account?

A No.

Q Do you recall any discussion at Board Meetings concerning whether or not the association had any interest in some trucks with their name on the side?

A I, like Mr. Houlton, I believe I did have a question asked and was given the answer that we had nothing of that sort.

Q Do you recall who gave the answer to you?

A No, I don't.

Q Is there anything else that you would like to say at this point, Mr. Stevens, knowing what the inquiry is attempting to do? Have you any statement to make at this time?

A Only something perhaps to justify the Board.

THE COURT:

Q That is what we are interested in. We are trying to assess the varying degrees. We know primarily who is responsible, I think, from what we have heard, but I have to make a report to the Attorney General as to any other degrees of

the vicinity. Don't his standing as a business manager, and questions of that kind would be asked.

Were you acquainted with the membership account involving the Hin Hat Sam Haugh?

A No.

Q Were you acquainted with Mr. Hatchis interests in Vancouver town in British Columbia?

A No, not until after this thing broke.

Q Were you acquainted with the Perseverance account?

A No.

Q Do you recall any discussion at Board meetings whether or not the association had any interest in some stocks with their name on the ticket.

A I, like Mr. Houlton, I believe I did move a resolution and was given the answer that we had nothing in that stock.

Q Do you recall who gave the answer to you?

A No, I don't.

Is there anything else that you would like to say at this point, Mr. Stevens, knowing what the inquiry is attempting to do? Have you any statement to make at this time?

A Only something perhaps to justify the Board.

MR. COURT:

We know thinks.

responsibility so that the Government, if they see fit, may set up some regulations that would protect an association like this from getting into this boat.

A What I was thinking about, we had been in this business for a good long time, as Mr. Houlton mentioned, perhaps 30 years, and I have been in for 10 years or more, since the foot and mouth disease, It was brought out here that the Association was just about in the same condition at that time as it is now, and through the direction of the supervisor and the Board of Directors that condition improved, and it was built up to perhaps a three million dollar association that was pretty well applauded by everyone that had anything to do with it. It was put on a pretty well business like basis until the last few years, or until this thing broke, and we didn't know too much about just what caused it to break.

Q Have you found out yet when it started?

A No, I haven't.

Q Would you be surprised to know that perhaps some of these accounts were misrepresented to the bank as far back as 1960?

A No, I wouldn't know that.

Q You wouldn't know that?

A No.

Q Would you be surprised that it happened?

A Yes, I was surprised. The Board member was elected or

stability so that the government, if they see fit, may set up some regulations that would protect an association like ours from getting into this.

A. When I was thinking about, we had been a close business for a long-long time, as Mr. Hunter mentioned, perhaps 40 years and I have been in for 10 years or more, since a. To end mortgage debenture. It was brought out here we be association was not about in the same position as that time as it is now, and through the investigation of the supervisor and the Board of Trade that condition improved, and it was built up to perhaps a quarter million dollar association that was one of a kind employed by everyone that had anything to do with it. It was run on a pretty well business like basis until the last two years, or until this thing broke, and we didn't know so much about just what caused it to break.

Q. Have you found out yet when it started?

No, I haven't.

Would you be surprised to know that perhaps some of these accounts were misrep reported to the bank as far back as 1940?

No, I wouldn't

You wouldn't?

chosen from his own district, and we had several districts, and there was a man in each district who sort of took the responsibility of the members in that district.

MR. WEIR:

Q What do you feelthat a Board member should have been doing as a Board Member?

A Attending the meetings.

Q You did not feel that as a Board member that you were to be in fact the watch dog on behalf of the membership for things that the staff were doing?

A No, not as far as the staff were concerned.

Not as far as the bookkeeping was concerned. We set up the auditor, and we set a staff which we thought was a professional staff, or an expert staff I should say.

Q But the Board would hire the senior staff?

A Yes, they did the hiring of the senior staff and set his wages.

Q But yet the Board did not feel that it was necessary to set any specific safeguards of double checking?

A No.

Q Did you ever look at any of the ledger cards of members yourself?

A Only the members in my own district I felt that I was responsible for.

THE COURT:

Q What was your district?

their own industries, and we had several. Inspectors,

I was a man in each diet. Let me sort of took the responsibility of the members in that district.

MR. WHITE:

What do you see that a board member should be doing as a Board Member?

A Attend to my own duties.

Q You did not feel that a Board member [illegible] to be an [illegible] watch dog on [illegible] thinks that the board [illegible] do.

No, not so far as the [illegible] were concerned. Not as far as the boundary commission, and we [illegible] a small unit. [illegible] [illegible] local area [illegible] [illegible].

Q But the Board would have the [illegible]

A Yes, they did the bidding of the [illegible] [illegible] [illegible] [illegible].

But yet the Board did not feel that [illegible] necessary to get any [illegible].

Q Did you ever lack at any of the larger areas of members [illegible]?

A Taber--Barnwell.

Q You did not come West of Barnwell?

A No. There were a few at Vauxhall.

MR. WEIR:

Q You checked the ledger cards of the members in your area?

A No, I don't say that I ever did check the ledger cards of any of those, but we had a watchful eye on anything that we heard, and anything we heard was reported to the Board meeting.

THE COURT:

Q I notice a motion at a Board meeting where you were to look at so and so, and so and so, in the Barnwell-Taber district?

A Yes.

Q And you say that you did keep a watchful eye?

A Yes. Visited the feed lots.

Q And I think that you did a very good job because if my memory serves me right that we have no problem in that area except for Vauxhall, in one account, Mr. Thiessen's account, who I think his cattle died on him?

A That was his own management that did that.

Q Maybe so. I knew his cattle died.

MR. WEIR:

Q But you actually did not specifically look at any ledger cards?

A No.

Tabor--Cross.

Q You did not come West of Vermont?

A No. There were a few as Vankhel

MR WEIN

Q You checked the ledger cards of the members in your area

A No, I didn't say that; ever did check the ledger ca

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we heard, and anything we heard was reported to m

board meeting.

THE COURT:

I notice a motion as a board meeting wa

look at so and so, and so on. So, ar . Tom -- Ta

Gilmire?

A Yes.

Q And you say that you did keep a watchfu yes?

A Yes. Watched the lead lot

Q And I think that you did a rec and jus consume

memory serves me right that we were in problem areas

area except for Vankhell. In one account, Mr. Miles

account, who I think his cattle died on him?

A That was his own management that did that.

Q Maybe so. I know his cattle died.

Redirect Examination

By MR. WEIN:

THE COURT: Have you any questions Mr. Moscovich?

MR. MOSCOVICH: No questions.

THE COURT: Mr. Leitch, have you any questions?

MR. LEITCH: No sir.

MR. PROWSE CROSS EXAMINES THE WITNESS:

Q Mr. Stevens, did you ever deal with the Bank Manager, Mr. MacLean? Did you ever have occasion to discuss the Association business with him?

A No. We have a special committee set up for that purpose, and I wasn't on it.

Q Who was on the committee, can you just tell us?

A The President, the Vice-President, and in earlier times Mr. Dahl.

THE COURT:

Q Was that astanding committee?

A Yes.

Q It kept on from year to year?

A I think perhaps after Mr. Dahl resigned from the Board there was a new one put on, and I believe Mr. Keeler was put on.

Q But there was a finance committee?

A Yes. It is called the Banking Committee.

MR. PROWSE:

Q Mr. Stevens, did you realize that your supervisor was supplying the Bank with statements of accounts receivable

each month?

THE COURT:

Q Check some and see---show him some of them and see whether he has ever seen them. You can show him B-9.

A I cannot tell you too much about this.

Q Did you ever see a monthly statement that Mr. Hatch gave to the Royal Bank of Canada, or the Imperial Bank, or the Bank of Commerce? They were given every month?

A No, I can't recall I've ever seen one.

Q They were never presented formally to the Board for approval?

A No.

MR. PROWSE:

Q It was not a regular part of the Board's business to review these statements?

A No. From time to time if anything was irregular perhaps one of these would be brought out and discussed with the Board.

Q But that would be at the supervisor's selection, would it? The supervisor would be the one who would bring it out?

A Or anyone else that happened to see any irregularity.

Q Where would they see these irregularities?

A They would come from reports from the different Board members, like in their districts. They have no specific figures, but they just wondered about these things, and they would be brought up and discussed. There was always the fact that they were well secured. We were always given that idea.

THE COURT:

Q What do you mean by well secured?

A That their borrowing was not too much out of line, andthat they had feed and cattle to cover them.

Q Was there ever any suggestion of titles being deposited and mortgages being taken? That is prior to the 19th of March?

A Yes, there were some titles taken, titles given.

Q And the reason that you would take titles would be because the man did not have the cattle, wouldn't it?

A The instances that I remember he received no more credit.

Q Yes.

A And then he paid up.

Q He was finished?

A Yes, as far as the Board was concerned.

MR. PROWSE:

Q Mr. Stevens, you reviewed these accounts receivable with the auditor each year?

A That is where we would receive our information in our annual meeting. The auditor would come to the office and review some of these accounts.

Q Before every annual meeting the auditor met with the Board of Directors?

A Yes.

Q And you went over accounts at that time?

A Yes.

Q What do you mean by well secured?

A I think borrowing was not too much out of line, another

and food and cattle to cover them.

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MR. PROWSE:

Q Mr. Stevens, you reviewed these accounts reasonable with

auditor each year?

A In where we would receive our information in our

ating. The auditor would come to the office and

w some of the documents.

BRUNS Q Then the auditor met with you.

Q Now, while you were dealing with the Imperial Bank and the Canadian Imperial Bank of Commerce, each year you provided the Bank with a statement to set up your credit limits forthe next year, is that correct?

A Yes.

Q Do you recall looking at sheets similar to Exhibit B 9?

A We didn't look at the sheets. The names were read off.

Q Who read them off?

A The supervisor.

Q What did he ask you about them in connection with the preparation of these sheets?

A He just mentioned that they had established, and the thought that they were eligible for larger credit, or smaller credit, and that is where it came in that the member from each district, he knew the business or he did the examining in his district, and they were discussed according to his ability, and the feed, and the financial standing that they had, and the credit was set.

Q Did you not go over all these columns on B 9 where it showed his high and low purchases for the preceding year, and the value of his holdings, the details of his inventory at the time of preparation?

A No, we didn't.

Q The supervisor did not ask you about that?

A No.

Now, while you were dealing with the Imperial Bank and the Canadian Imperial Bank of Commerce, each year you provided the Bank with a statement to set up your credits for the next year, is that correct?

A. Yes.

Q. Do you usually looking at sheets similar to ex[illegible]?

A. We didn't look at the sheets. The names [illegible] Who read them off?

A. The supervisor.

Q. What did he ask you about them? [illegible] preparation of these sheets?

A. He just mentioned that they had established, [illegible] thought that they were eligible for smaller credit, and that is what [illegible] it terms in that the member from each district, he knew [illegible] did the examining in his district, and they were discussed according to his ability, and the [illegible] financial standing that they had, and the credit was [illegible]

Q. Did you not go over all these columns on P 9 where it showed his high and low purchases for the preceding year, and the value of [illegible] Holdings, the details of his

Q That is all.

THE COURT:

Q Mr. Stevens, there was considerable discussion during the spring and summer and the fall of 1963 overthe Bank of Commerce's displeasure with certain things, or was there?

A Not that I can recall.

Q There were no complaints?

A I believe thatthe bank manager asked the president,or the chairman of the board, to look into these things in regard to what has been brought up here before, the branding and the signing of contracts. But it involves a thing that could not be done just automatically.

Q There are some cattle still not branded?

A Yes, but it is no fault of the Board that they are not branded because it was brought up at practically every meeting, and the staff were urged to get these cattle branded.

Q So if the staff don't do what the Board tells them to do, what do you do?

A We didn't do anything.

Q You didn't do anything?

A No.

Q This is just a little difficult to understand. I know a group of people getting together to run a co-op, the feeling of responsibility, but Hatch and the members of the, the people in the office, they did a lot of things,

THE COURT:

Q Mr. Stevens, there was considerable discussion during the spring and summer and the fall of 1963 over the Bank of Commerce's displeasure with certain things, or was there?

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There were no complaints?

A I believe that the bank manager asked the president, or the chairman of the board, to look into these things in regard to what has been brought up here before, the branding and the signing of contracts. But it involves a thing that could not be done just automatically.

Q There are some cattle still not branded?

A Yes, but it is no fault of the Board that they are not branded because it was brought up at practically every meeting, and the staff were urged to get these cattle branded.

Q So if the staff don't do what the Board tells them to do, what do you do?

A We didn't do anything

Q You didn't do anything?

A No.

This is just a little [illegible] So [illegible] I [illegible] gets [illegible]

[illegible] and the members of [illegible] lot of things.

but who would set, who should have set the policy?

A Well, I suppose the Board.

Q You ---The Board should have set the policy?

A Yes.

Q I think that you will agree with me then?

A Yes.

Q Now, isn't it a fact that over the years that gradually, gradually, gradually, that Mr. Hatch incroached on the policy making function of the Board?

A As I said before, we were in fairly bad trouble, and with the supervision of Mr. Hatch we were brought out of that trouble and put on a good financial basis.

Q At least you thought?

A Yes, that we thought, yes. And he established a confidence that was second to none amongst the Board and the members.

Q And the public?

A Yes. His community, church, and everything else. And we had no thought about questioning his word, and we went along, I will say, with some of the suggestions of Mr. Hatch, that Mr. Hatch made because we figured that he was a capable supervisor.

Q In fact it nearly got to the point that he was suggesting and making the policy?

A I wouldn't say that. He was suggesting a lot of policy, but there was a lot of thought put into the things that he suggested before they were passed by the Board.

I see. So should have set the roll [illegible]
close the Board.

Board should have set the policy?

I think that you will agree with me there.

Yes.

Now, don't it strike you over the years that gradually, gradually, gradually, [illegible] Mr. Eaton throughout on the policy matter, function [illegible] the Board?

A As I said before, we were in fairly good trouble, and with the supervision of Mr. Eaton we were going [illegible] trouble and not on a [illegible]

Q At least you thought?

A Yes, Sir. We thought, yes. But as Eaton's [illegible] that we around to some members [illegible] Board and [illegible]

And the public?

Yes. His community, church, and everywhere else. And we had no thought about questioning Mr. Eaton, and we went along, I will say, with some of the suggestions of Mr. Eaton, that Mr. Eaton made because we figured that he was a capable supervisor.

I feel it really got to the point that no was suggesting [illegible]

Q Did you know anything about the Knight and Cochrane ranch calves, 300 and some odd, that were kept by the Association and put on an arrangement with Mr. Hinman and Mr. Brandley?

A No, I didn't know until after the thing had broken.

Q That was not brought to the Board for approval?

A No.

Q Would you think that such a transaction as that involving 50 some odd thousand dollars, which was a bit out of the ordinary, should have been brought to the Board?

A Yes.

Q That is all. Thank you very much.

(WITNESS STANDS DOWN)

DOUGLAS LOVE PAXMAN, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q What is your name?

A Douglas Love Paxman.

Q Now, Mr. Paxman, when did you become a member of the board of the Lethbridge Central Feeders Association?

A I believe I was a charter member of that organization when it was organized, and I was put on the Board at that time for the first time.

Q And you continued on ever since?

A No, I was not on continuously. I think I had one period that I was off for two or three years.

Know anything about the Knights and Ladyes

[illegible] alives, 300 and some odd, that were kept by the

Association and put on an arrangement with Mr. Hinnen

[illegible] Treadley?

A [illegible] don't know until after the claim had undone

Q That was not brought to the board for approval

Q Would you think that such a transaction as this

involving 30 some odd thousand dollars, what a

one of the ordinary, would have been [illegible] board?

A Yes.

Q That all. Thank you very much

(WITNESS STANDS DOWN)

[illegible] been duly sworn, examined by Mr. Weir, testified as

What is your name?

Douglas Love Tarman

Now, Mr. Tarman, when did you become a member on the

board of the Lethbridge Central Residence Association?

A I believe I was a charter member of that organization when

[illegible] and I was put on the board at that time

Q During the 50's and 60's were you a member during that time?

A Yes, I was on most of the time.

THE COURT:

Q Were you on at the time of the foot and mouth disease?

A No.

Q You were off or on then?

A On.

Q On?

A Yes, on.

Q And you have been on ever since?

A Yes.

MR. WEIR:

Q Now, in going over, I'm going to go over some of the questions that you have already heard asked. Perhaps I will not have to ask them in such detail because you may recognize the points as I come to them. September 18th, 1957 meeting, a motion regarding advances to staff be discontinued. Do you recall that being discussed?

A Vaguely, yes. I think that they were purchasing household equipment, or something, and they needed extra money, and there was advances made to them and it got to the point where it became a burden, and we decided to stop it.

Q And then there was the meeting of February the 13th, 1961, where Riverview Farms were accepted for credit, do you recall that being discussed?

Q Were you a member during that time?

A Yes. I was [illegible] at the time.

Q Were you on at the time of the [illegible]

A No.

Q You were off or on shift?

A On.

Q On?

A Yes, on.

Q And you have been on ever since?

A Yes.

MR. WEIR:

Q Now, in going over, I'm going to [illegible] some questions that you have already been asked. Perhaps [illegible] will not have to ask them in exact detail. Perhaps [illegible] may recognize the points as I come to them. [illegible] 1957 meeting, a motion regarding advances to staff be discontinued. Do you recall that being discussed?

A Vaguely, yes. I think that they were purchasing [illegible] [illegible] and they [illegible] to the [illegible] [illegible] was made. I think and it got to the point [illegible] a [illegible], and we decided to stop it.

[illegible] of [illegible]

A Yes.

Q And did you know who was loaning or who was behind this particular loan?

A Yes.

Q And you recognized it as being Mr. Hatch?

A Yes.

Q And yet you still felt that that was all right, did you?

A Under the circumstances, he was manager of the estate, and the estate had some cattle holdings and facilities to feed, and he came to us with the proposition that his brother was operating the ranch, and it would be good business if he got in the feeding business, and he asked for a membership, and the Board passed it.

Q Do you think there was anything wrong with the number of cars rented on behalf of the employees of the Association?

A I was sometimes wondering. I didn't go into it in any great detail.

Q Did you express any objection at any Board meeting?

A No.

Q There is another question that comes to my mind, and I have not got a specific note of it here. I understand that there was a change in the previous authority for signing cheques. At one time either the president or some member of the Board had to co-sign cheques, and this practise was discontinued. Do you recall this being discussed at a Board Meeting?

A No. I didn't know that it was ever discontinued. I thought that the chairman or vice-chairman always had to sign.

Q I have a note which I asked before, concerning, I believe, the Central Cattle company. Do you recall this being discussed at a Board Meeting?

A No, I had no recollection of that.

Q You were present at a meeting of June 13th, 1959, when it was discussed, but you don't recall it?

A I have been trying to remember since it was brought up this morning and I can't remember anything about it. It must have been something that we disposed of, and we figured it was done away with.

Q Well, it is mentioned here that it was moved, that Mr. Hatch be a shareholder only, and not active in the management. You don't recall that this was ever okayed?

A No.

Q What about the Hin Hat Som Ranch account, do you recall that?

A No.

Q You had no knowledge about that, at least at the time?

A No, but I knew about it since.

Q Since March the 17th, 1964?

A Yes.

THE COURT:

Q You are saying that the Hin Hat Som Ranch never applied for membership that you know of?

Q. No. I didn't think it was ever discontinued. I thought there the chief man or vice-chairman always had to attend.

Q. I have a note which I saw before, concerning, - relative the Central Cattle company. Do you recall it discussed at a Board Meeting?

A. No, I had no recollection of that

Q. You were present at a meeting on June 17th, 1954, was discussed, but you don't recall

A. I have been trying to remember this morning and I can't remember must have been something that we just figured it was done away with.

Q. Well, it is mentioned here that if a Hatch be a shareholder only, and not an employee. You don't recall that?

A. No.

Q. What about the Hin Hat Son that?

No.

You had no knowledge about that, at least at the time?

A. No, but I knew about it since.

Was that the 17th, 1954?

A Not that I recall now.

Q And they paid no membership fees?

A I don't think so.

Q And whatever amount of money is out there, thirty or forty thousand dollars of association money, is out there without your authority?

A I don't remember of him having a membership in the Hin Hatch name. I don't recall---I don't know whether Mr. Hinman had a membership in his own name or not.

Q Oh yes, Mr. Hinman has a membership. At least it was paid up eventually, and he has an account. But this is Hin Hat Som, which is in Cranbrook. You have no knowledge of that?

A No.

MR. WEIR:

Q I also mentioned about a meeting of June the 14th, 1960, where the supervisor reported that the bank recognizes feed advances, but it is not the intention of the Board or staff to notify the membership of this. Do you recall this being discussed?

A Yes.

Q Would you like to explain why you had it worded in that way? It is almost suggesting that advances were only going to be used for certain specific members?

A There was not any specific members. There was members that got themselves into a position where they needed it,

Q. Do you understand [illegible]

A. I don't think so.

Q. And whatever amount of money [illegible] forty thousand dollars or [illegible] without your authority?

A. I don't remember of him [illegible] a money [illegible] Hotel, [illegible]. I don't recall---I [illegible] Hinman [illegible] a secretary [illegible] his own.

Q. Do you, Mr. Hinman, [illegible] a mortgage [illegible] up overnight. [illegible] as we [illegible].

Mr. Som, which is in [illegible] of that?

No.

MR. WEIR:

Q. I also mentioned about a meeting [illegible] where the supervisor reported that [illegible] feed advances, but it is not [illegible] or small to notify the mortgagor [illegible] this burn disease?

Yes.

Q. Explain why you now [illegible] worked in [illegible] that advances were only [illegible] substitute mortgage?

and had sufficient equity in the cattle to justify it, and it was suggested that we don't notify the membership because it was not to be advertised and having everybody coming in and asking for advances whether they needed it or not.

Q And 1960 your Banking business changed from the Royal Bank to the Imperial Bank, and this was passed by the meeting unanimously. Do you recall the discussion in connection with this move?

A No. There was a lot of discussion carried on for several months prior to the move.

Q Why was the move made?

A It was brought about through Mr. Hatch's recommendation that relationship was, shall we say, not congenial with the Royal Bank.

Q In what way?

A Mr. Campbell, and I think that he used the words "two-bitting him to death". Always harping on some little incident and things that almost took another member of the staff to answer the telephone, and it got to the point where he said that the relationship was intolerable.

Q Was it felt that more money could be obtained by moving to the Imperial Bank for specific members?

A Not so much for more money, more congenial relationship.

Q I see here that you were present a t the meeting of September the 13th, 1960, where Mr. Burke's membership was rejected, and as you have heard about 8 months later

[illegible] equally in the making a [illegible] in, an

[illegible] If that we can [illegible] a [illegible]

[illegible] It was not to be advertised [illegible] anybody

coming in and asking for advances without [illegible] needed

or not.

And [illegible] your [illegible] business [illegible]

Back to the Imperial Bank, and [illegible] we

meeting unanimously. Is you recall the

connection with [illegible]

A No. There was a lot a [illegible]

motive prior to the [illegible]

day was the move [illegible]

It was brought about through [illegible]

that relationship was, shall we say,

the Royal Bank

Q In what way?

A Mr Campbell, who I think [illegible] was

[illegible] "in to [illegible]" [illegible] keeping

insider and [illegible] that [illegible] took [illegible]

the stand to answer the telephone, and at

point where he said that the relationship was [illegible]

[illegible] a more money could be [illegible]

it was accepted. Do you recall that?

A I can recall when it was rejected, but I can't recall any change in it, why it was accepted later on.

Q Actually I see by my notes here that you were not present at the meeting when he was accepted, but I notice that you were present at the following meeting, so presumably you would have heard read that meeting of July the 10th, 1961, where Mr. Burke's membership was accepted. You don't recall the minutes of that particular meeting being read and that particular item?

A No.

Q So that you never had any knowledge that Mr. Burke's membership was accepted?

A Well, I may have had knowledge at the time, but I don't recall it now.

Q You don't recall having knowledge of it?

A No.

Q That is prior to March 17th, 1964?

A That is correct.

Q Did you check any ledger cards of the members of the office of the Lethbridge Central Feeders Association?

A Only my own.

Q You did check your own?

A Yes.

Q You mean your own specific card?

A I was asking how my account was and they would show me

[illegible] was not [illegible]. To you recall that?

I can recall when it was violated, but I don't recall any [illegible] more in it why it was authorized labor or [illegible]

Q. Actually I see by my notes here that you were not present at the meeting when he was excluded, but I notice that you were present at the following meeting, so presumably you would have heard read that meeting of [illegible] the Lotts, 1963, where Mr. Sunke's membership was [illegible] don't recall the minutes of that particular [illegible] read and that particular item?

A No.

Q So that you never had any knowledge that [illegible] membership was accepted?

A Well, I may have had knowledge [illegible] recall it now.

Q You don't recall having knowledge [illegible]

A No.

Q That is prior to March 17th, 1964

A That is correct.

Did you check any ledger cards of the members in the office of the Leatbridge Jewish [illegible] Sports Association?

[illegible]

the card.

Q Your own card?

A Yes.

Q But you didn't see any other card of any other member?

A No, and I didn't ask for any others.

Q Do you recall the discussion about changing the year end, Mr. Paxman, from July 31st to December 31st, and the reasons for this change?

A It had to do with the availability of more information regarding the feed on hand and the amount of capital and borrowings that the feeders would require, and it was felt that he was in a better position to give a closer account, more accurate account, of what he would need, but at a later date, which was in July, that was because of the fact that in July the crops were not harvested and we did not know what the harvest would be and the feed condition and so on, and the bank wanted us to give a fairly accurate application of the money we would need, and it was brought about because we were over-run, the approved appropriation, and they said in future we want you to give us an estimate of what you are going to need the year ahead more accurate. That is one of the reasons for the date change.

Q I see that you were present at a meeting of May the 15th, 1962 wherein difficulties in the NoelBrandley account was discussed. Do you recall the discussion at that time?

A That was almost a perennial discussion.

Q So that you recognized this account as being a difficult account?

A Yes.

Q And you never looked at the ledger card to check it from time to time?

A We just took the statement of Mr. Hatch in regard to how the account stood and his recommendation as to how it was to be paid off and handled.

Q Did you have any knowledge of the transaction that was entered into the following year, in 1963, which was arranged between Mr. Hatch and Mr. Noel Brandley concerning certain calves of a considerable amount of money?

THE COURT: Over $50,000.00. The Knight ranch and the Cochrane ranch calves of which you got 160 of them. You got 160 and Mr. Brandley and Mr. Hinman got 300 and something.

THE WITNESS: If I remember on that specifically, on that specific deal, I can't tell you the details, but it seems that he was taking them on an arrangement for feeding.

MR. WEIR:

Q Did you know about this at thetime?

A No.

Q When did you find out about some of the details in connection with this particular transaction?

[illegible] was almost a personal [illegible]

Do that you [illegible] this account as being a difficult account?

And you never looked at the [illegible] each time to time?

We just took the statement of [illegible] the account stood and his requests [illegible] to be paid off and handled.

Did you have any knowledge of [illegible] entered into the following year [illegible] arranged between Mr. Hetch and [illegible] the certain calls of a commercial [illegible]

THE COURT: Over [illegible]

[illegible] the Dominion Bank [illegible] 140 of them. You got 140 and Mr. Strathdee [illegible] got 300 and something.

THE WITNESS: I'd [illegible] on that [illegible] on that specific deal, I can't tell you the details, but I assume that he was taking them on an arrangement [illegible]

A I didn't find out the full details until this spring.

Q You didn't have any knowledge of it prior to that time?

A No.

Q So that it was not okayed by the Board of Directors to the best of your knowledge?

A No, I don't think so. The cattle were not in Mr. Noel Brandley's name at any time, were they?

THE COURT: Nobody has told us what name. Nobody has told us what name they were in. The last name we have was the Holding Pens. We have --- at least we hope to find out definitely in the course of the next two or three weeks.

Q Mr. Paxman, can I ask you this question while it is fresh in my mind. We have heard there was a loss of $20,000.00 on this transaction. I would just like to find out what happened. You took your 160 head on a, at a value of $19,869.92 on the 19th of October, 1963?

A Yes.

Q How did you fare?

A We made a little money.

Q You made a little money?

A Yes.

Q When did you sell?

A We sold the last of them in September, 1964.

Q How did you---

A I believe it was later than that. Probably the first of November.

Q Let me read the figures. On August the 6th you sold 28. On September the 21st 9,478. Did you sell some right away after you got them?

A No.

Q Did you get a cheque for $12,000.00 shortly after you got them?

A We paid him a cheque for $12,000.00.

Q I know. That's right. You paid him $12,000.00?

A Yes.

Q So that you were paying for them in advance? You were paying for them as soon as you got them?

A Yes, to stop a little interest.

Q Now, how did you feed them? You got them in October. What did you do in the winter time?

A They were never out of the feedlot. They were on the feedlot from the time we got them until we were through, and we fed them hay and grain and sugar beet pulp and molasses and minerals.

Q And you made a little money?

A Yes. We had other calves besides them.

Q Can you tell me why in the world Mr. Hatch should enter into a deal, and we have come up with a much larger group, 300 and some odd, which resulted in a loss of over $20,000.00?

Q Somewhere it was later than that, the November.

Let me read the letter. On August 28. On September the 1st 9,400 [illegible] left away after you got thump.

A No.

Q Did you ever [illegible] engine [illegible] 21 [illegible] got there?

A We paid his [illegible] 200.00.

I know. That's [illegible]. You said his 21

A Yes.

Q So that you were [illegible] for that in paying for them as soon as you got

A Yes, to stop a little interest.

Q Now, how did you feed them? You put it did you do in the winter time?

They were never out of the feedlot. They were from the time we got them until we were through. fed them hay and grain and sugar beet p[illegible]

[illegible]

[illegible] on

[illegible] about

[illegible] Jan

A I can't see why if they were looked after in any decent way. We didn't do anything special with our calves.

Q The arrangement was that they were to be fed, or the deal was that they were to be fed for a 16¢ perpound gain, and that Mr. Hinman supplied the feed and Mr. Brandley supplied---it was on Mr. Brandley's land. They were to get 16¢ a pound for the gain. When it was all counted up the bank was out about $20,000.00 and they were sold this fall?

A Our average cost per pound gain was about 14¢. 13 decimal some odd.

Q 13 decimal something?

A Yes. 13.8, I think.

Q And you paid almost 34¢?

A 33.85 for the Church cattle and about 24 for the cattle we got elsewhere.

Q When you are talking about this are you putting them together?

A Yes, the total picture.

Q What would happen if you just considered, as you call them, the church cattle?

A We would have made money. There was not too much difference per head cost. They were lighter than the other calves, and there was not such a terrible lot of difference in per head cost.

Q So that if Mr. Hatch put his 300 and some odd head out

with a feeder of knowledge and capabilities similar to yourself, they should not have lost $20,000.00?

A No. I don't think I am any special feeder. I just use common sense. We have one man hired the year around and we charge his wages during the winter to the cattle, and we raise all our own feed, but it is charged to the cattle at a market price. Even our beet tops are hauled in and charged to the cattle at the rate of $5.00 an acre.

Q You keep a detailed statement as to costs whether you are supplying the stuff or not?

A Yes. We estimate our own supplies. We estimated them in the fall of the year, by the granaries and the stacks of hay, and there may be a little difference in it if it was actually weighed, but not very much.

MR. WEIR:

Q Did you have any knowledge prior to March the 17th of this year of the Pereverziff account?

A No, that was a complete surprise to me that we were in the transport business.

Q Do you recall any discussions at Board meetings concerning branding of cattle?

A Yes. Mr. Houlton was always almost at every meeting getting after Mr. Hatch and the staff to check up on the brands and be sure that they were done. And on someoccasions the Board appointed a special committee and told them to get

with a leader of knowledge and experience similar to yourself, they should not have lost 120 head.

No. I don't think I am any special leader. [illegible] was common sense. We have one man hired the year around and he charges his wages during the winter. [illegible] and we raise all our own feed, but it [illegible] cattle at a market price. Even [illegible] in and charges to the cattle at the rate [illegible] more.

You keep a detailed statement so [illegible] are supplying the stuff or not?

Yes. We estimate our own supplies, [illegible] in the fall of the year, by the [illegible] of hay, and there may be a little difference [illegible] was actually weighed, but not very [illegible]

MR. WEIR:

Did you have any knowledge prior to taking the [illegible] of this year of the Peravorarlf account?

No, that was a complete surprise to me that we were in the [illegible] business.

[illegible] discussions at board meetings concerning cattle?

out and check the whole area and be sure that the brands were branded---that the cattle were branded. In the case of pasture sometimes that was difficult to do. The cattle would be out on the range in the summer time, and they would say that they would brand them when when they got them in, or when they had the round up. But there is no excuse for it for people with cattle in their feedlots.

THE COURT:

Q Ownership of cattle in this country is one of the prime methods is the brand?

A That is correct.

MR. WEIR: I have no further questions.

MR. MOSCOVICH CROSS EXAMINES THE WITNESS:

Q Mr. Paxman, what was the credit allowed on your behalf by the bank? How much money?

A I believe $30,000.00.

Q And what credit did you actually get from the Association?

A I think at the peak it was about $35,000.00.

Q Thank you.

MR. PROWSE CROSS EXAMINES THE WITNESS:

Q Mr. Paxman, you have seen these large sheets that I have been showing to the other directors setting up credit that was to be sent to the bank each year?

A Yes.

Q Do you recall discussing that in detail at your Board

and check the whole area and be sure that the brands
to branded--that the cattle were branded. In the case
of pasture somethings that was difficult to do. The
cattle would be out on the range in the summer time, and
they would say that they would brand them when they
got them in, or when they had the round up. But there
is no excuse for it for people with cattle in their
feedlots.

THE COURT:

Ownership of cattle in this country is one of the prim
method to the fraud?

A That is correct.

Q. Mr. Lemmon, what was the credit allowed on your behal
by the bank? How much money?

I believe $30,000.00.

And what credit did you actually get from the association?

I think at the peak it was about $35,000.00.

[illegible] that I have
[illegible] credit
[illegible]
[illegible]
[illegible] your Honor

Meetings?

A No.

Q You knew that the bank required the supervisor to submit a list of accounts every month?

A Yes.

Q And did the directors never discuss this at their meetings?

A Mr. Hatch, the supervisor, would show us a list any time any question was brought up in regards to an account, and we have found out since then, since this thing blew up that the list was not the same list that he gave to the bank.

THE COURT:

Q Where do you live Mr. Paxman?

A I live on my farm North of Raymond 4 miles.

Q Four miles?

A Yes.

Q So that you would go by Welling coming into Lethbridge?

A Sometimes I do.

Q Were you ever surprised at all at the amount of cattle in the Mehew lot?

A Yes.

Q You were surprised?

A Yes.

Q Why?

A The whole set up looked like to me it was top-heavy.

Q Top heavy?

You know that the same required the [illegible]

a list of accurate every monthly

Yes.

And did the directors never discuss this at [illegible]

Mr. Hatch, the supervisor, would [illegible]

any question was brought up in regard to [illegible]

we have found out since then, since this [illegible]

that the list was not the same list [illegible]

THE COURT:

Where do you live Mr. [illegible]?

I live on my farm North of [illegible] 3 mile

Four miles?

Yes.

So that you would go by Walling [illegible]

Sometimes I do.

Were you ever surprised at all at the course of [illegible] in

the Maine [illegible]

[illegible]

[illegible] 49?

A Yes.

Q We have heard Mr. Stevens state that he was in charge of the Barnwell-Taber area. Were you in charge of an area?

A Quite a lot of the time there was two of us on the Board from the Raymond district.

Q Mr. Bullock and yourself?

A Yes. And to be in charge does not quite give the right information. We were told to investigate anything that looked tobe wrong or to report it, which I did.

Q What did you do about the Mahew account when you looked over it and it looked top heavy?

A I talked to Mr. Hatch about it and I told him that he had better watch things there, that it looked like it was getting out of hand.

Q What did he say?

A He said "No, it is all right." He said " some of the cattle in his feed yard are contract cattle andhe is not in debt seriously over his credit allowable, and we have ample security." He mentioned that he had a deed or a mortgage on a quarter section of land, and he assured me, this took place about three different times, but it was always the same answer, that it was adequately secure and nothing to worry about.

Q And you were surprised when theledger card finally showed up?

A Yes.

Yes.

Q We have heard Mr. Stevens state that it was in [illegible] of the Kennedy Space area. Were you in ownership of a [illegible] Q Quite a lot of the time there was [illegible] from the Regional district.

Q Mr. Sullock and Westcliff

A Yes. And in the change does not [illegible] information. We were told to [illegible] looked take wrong or to report it, which [illegible]

Q What did you do about the Mehew [illegible] over it and it looked too heavy;

A I talked to Mr. Hatch about it and [illegible] two better water things there, that is [illegible] getting out of hand.

Q What did he say?

A He said "No, it is all right." He said " [illegible] cattle in his land area contract cattle [illegible] not in debt seriously over his credit [illegible] we have ample security." - he mentioned that he had a deed or a mortgage on a quarter section of land, and [illegible] more took place about these [illegible] but it was always [illegible] course and no

Q Was Mr. Sorensen in your district?

A Yes.

Q Any worries?

A Yes, I was concerned about him, and at the same time I mentioned Mr. Mahew I mentioned Mr. Sorensen to Mr. Hatch.

Q What was the answer there?

A About the same, that he was being watched, that he knew that he was on the tickly side a little bit, and that he was being watched, but that he was all right, that he was well-secured.

Q Would your area cover Stirling?

A No.

Q What about Mrs. Moriyama and her son? Were you worried about that one?

A It was brought to my attention by somebody else that it looked like they were probably expanding a little too much, and I brought that to the attention of Mr. Hatch, our supervisor, and with the same results, that part of the cattle were contract cattle and there was nothing to be alarmed about.

Q Did you ever bring any of these problems to the full board?

A I think some of the Board knew that I had brought it to the attention of Mr. Hatch. I didn't bring it before the Board when the Board was in session.

Q There were no minutes recorded of your worries?

In your statement

Q Any worries?

A Yes. I was concerned about [illegible] mentioned Mr. Ng. I mentioned [illegible] Hotch.

What was the [illegible]?

About the cause [illegible] he was [illegible] that he was on the [illegible] was being watched, [illegible] well-[illegible].

Would your area cover [illegible]?

No.

What about Mrs. [illegible] about that one?

It was brought to my attention [illegible] looked like they were probably [illegible] much, and I brought that to the attention of [illegible] our supervisor, and with the same [illegible] the cattle [illegible] cattle are there was nothing to [illegible].

A No.

Q In your district we are confronted with three of the large problem children, if I may use that term, and I was just wondering, especially going by Mr. Mahew's feed lot, which can be seen from the highway ---can it not?

A Yes.

Q ---that you would not be worried. Where does Mr. Keeler live?

A Magrath.

Q That is all thank you.

(HEARING ADJOURNED AT 4:30 P.M.)

PROCEEDINGS TAKEN December 18, 1964.

MR. WEIR: Your Honour, the first witness I would like to call is Mr. D. H. Keeler.

DAVID H. KEELER, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q What is your name?

A David H. Keeler.

Q Mr. Keeler, when did you become a member of the Board of Directors of the Lethbridge Central Feeders Association?

A I don't recall the exact year, but it has been twenty or more years.

Q Where do you live Mr. Keeler?

A At Magrath. On a farm West of Magrath.

Q And you remained as a Board Director from that time up to the present time?

A Yes, except for the year 1951 and part of 1952 I was President.

Q Now, Mr. Keeler, the first question I have is regarding an item of advances to members of staff that were going to be discontinued. Now, this was referred to in your meeting of September 18th, 1957, when these advances were to be discontinued. And relating that to the meeting of February the 13th, 1961, where you actually moved to have Riverview farms accepted as a member. Now, would you please tell us why the apparent difference in philosphy between those two dates? You recognized

CERTIO 3 December 18, 1964.

MR. WEIR: Your Honour, the first witness would like to call is Mr. D. H. Keeler.

DAVID H. KEELER, having first been duly sworn, examined by Mr. Weir, testified as:

Q What is your name?

A David H. Keeler.

Q Mr. Keeler, when did you become a member of the Board of Directors of the Lethbridge Junior College?

A I don't recall the exact year, but it was more years.

Q Where do you live Mr. Keeler?

A At Magrath. On a farm west of Magrath.

Q And you remained as a Board director from then on to the present time?

A Yes, except for the year 1971 and part of 1972 President.

continued Now, this was referred to as your Sept ever 18th, 1957, when these advances made. And ...

who was a member and who was behind Riverview Farms?

A I never heard the word "Riverview Farms" until after March the 19th.

Q Mr. Keeler, you made a motion that Riverview Farms application for credit of $5,000.00 be approved?

A No, I made the motion that Mr. Hatch and his brother be granted credit for their farm and their feeding operations. But the Riverview Farms, I never had any knowledge of that name at all.

Q You were at the following meeting when the minutes for that meeting in question was approved?

A I never heard the name Riverview at all.

Q All right. You recognized that you were approving in your motion advances of credit for Mr. Stuart Hatch, your supervisor?

A Yes.

Q Why did you make this motion on February the 13th, 1961, when several years before you, along with the other members of the Board of directors, felt that all advances to staff should be discontinued?

A Well, the advances to staff was not feeding advances. They were, in my opinion, if I recall, they were advances to staff members for furniture or cars or what have you, but the advances to a feeder, that is a different story.

Q You felt that advances to members of staff---rather the advances to members of staff for buying furniture, etc,

who [illegible] and who was behind Riverview terms?

I never heard the word "Riverview terms" until after March the 12th.

Q Mr. Keefer, you made a motion that Riverview [illegible] application for credit of $5,000.00 be approved?

A No, I made the motion that Mr. Hatch and Mr. [illegible] be granted credit for their term and their operations but not Riverview terms. I never knew of that [illegible] at all.

Q You were at the following meeting when [illegible] that meeting to question [illegible] approved?

I never heard the term Riverview at all.

All right. You recognized that you were [illegible] motion advances of credit for [illegible] supervisor?

A Yes.

Q Why did you make this motion on February [illegible] when several [illegible] before you, along with the other members of the Board of directors, felt that all attempts to start should be discontinued?

Well, the [illegible] was not leading advances.

[illegible] very were advances [illegible] have [illegible]

was not okay, but credit advanced by the association to members of staff for buying cattle was all right?

A If they were bona fide feeders, yes.

THE COURT:

Q Wouldn't that raise a bit of conflict of interest between buying and selling?

A Yes, but in this case the item was probably so small we didn't think it was worth fighting over. There was a conflict, conflicting views there, of course, and we recognized that.

Q I was thinking of a conflict of interest?

A Yes.

Q If I am working for somebody and buying my own cattle, how am I going to be too objective about what price I pay?

A Yes. We battled that out before, and I didn't like it, but under these circumstances we thought that we would yeild the point.

MR. WEIR:

Q At a meeting of June the 14th, 1962, which you attended, Mr. Keeler, there is an item marked as follows--

> "the supervisor reported that the bank recognizes feed advances, but it is not the intention of the Board or the staff to notify the membership of this. It is still their responsibility to put up 100% of the feed."

was m[illegible] but could advance by the association of members of staff for buying equipment as a [illegible] If they were bona fide reasons, yes

THE CHAIR:

Q Would it that raise a bit of conflict [illegible] between buying and selling?

A Yes, but in this case the item was purchased didn't think it was worth fighting over. The [illegible] conflict, conflicting views there, of course recognised that.

Q I was thinking of a conflict of interest

Q If I am working for somebody and buying [illegible] how am I going to [illegible] the objective [illegible] pay?

A Yes. We battled that out before and I don't [illegible] but under those circumstances we thought that we would yield the point.

WEIR:

a meeting of June the 14th, 1962, which you attended, Keyler, [illegible] to an item noted as follows:

not reported [illegible]

Now, in that particular item the portion which actually bothers me is the part which says--"but it is not the intention of the Board or the staff to notify the membership of this." Now, it certainly looks like that this means to me that the advances are only for certain specific members?

A Yes, and that is the truth. People who find themselves in need, we don't want to put a hard and fast rule down, of absolutely no credit, because sometimes it is of advantage to see them through after they have gone so far even though our judgment was poor in the first place that they didn't have enought feed, but if they do call on us for feed we have to review it and decide whether it is proper to do it, but if we advertise it we would be in trouble.

Q Mr. Keeler, what about the accounts where the feed bills were paid directly to people supplying the feed. Now, let us assume now that Mr. Leitch happened to have $30,000.00 worth of cattle which he is feeding through the association, and that Mr. Moscovich is selling him some feed. Now, the money for the feed in some instances would be paid directly to Mr. Moscovich by the Association and charged to Mr. Leitch's account. Now, was it the intention of the Board to, in addition to this, to give advances to Mr. Leitch from time to time for other incidental items?

In that particular case the section which caused
[illegible] is the part which says: "but in a for [illegible]
[illegible]ation of the Board or the court [illegible]
[illegible]erely of this." Now, it seems, [illegible]
this [illegible] to me that the advantage [illegible]
specific member?

A Yes, and that is the crux. Point
in mind, we don't want to put a [illegible]
of absolutely no credit, because some
advantage to see them through after
far over, though our judgment was poor [illegible]
place that they didn't have enough [illegible]
do call on us for food we have [illegible]
whether it is proper to do it, [illegible]
we would be in trouble.

Q Mr. Keyser, what about the account [illegible]
were paid directly to people [illegible]
Let us assume now that Mr. Keyser [illegible]
$40,000.00 worth of cattle which he is feeding [illegible]
the association, and that [illegible] selling him
some feed. Now, a money for the feed in some [illegible]
[illegible] to do. Encouraged by the Associa-
tion [illegible] "Now, [illegible]
[illegible]

A No, there was no intention of the Board, as I understand it and as I remember it, to give advances to anybody except feed.

THE COURT:

Q Was there any check made to see that the money was spent for feed?

A Well, reasonably. Usually you take a man's word if he comes in. We haven't run on to too many feeders that were that dishonest that if they wanted to get money for feed that they would use it for something else.

MR. WEIR:

Q Did the Board actually insist on a report from the supervisor concerning advances to members and to specific members?

A No, not to my knowledge. I don't recall that we insisted on him presenting the Board----You see, we hired our supervisor and he was paid wages. We were not on wages. We had a small meeting fee, and we set the policy, but we didn't always insist on taking over his job.

Q Well, did you not feel that as a member of the board of directors that you should have been checking things that Mr. Hatch did to safeguard the association?

A Well, at the present time you might say we should have, but at the time we had such confidence in Mr. Hatch, implicit confidence, and he was a smarter man than we were in many ways.

Q So that you didn't feel that it was necessary to check him?

No, there was no television
to add as I remember it, to a message
except food.
TRUE COUNT:
Was there any urgent reply to send back
for food?
Well, reasonably. Usually you have
to. We haven't run on to such
dilemmas that it may mean if you know
they would use it [illegible] sir
MR. WEIR:
Did the board actually [illegible]
concerning advances to members [illegible]
No, not to my knowledge. I don't recall [illegible]
him presenting the record. [illegible] so, we
and he was paid wages. We were [illegible]
meeting fee, and we set the policy, and [illegible]
account in taking over his job.
Well, did you not feel that as a member of the board
[illegible] if you should have been [illegible] that
[illegible] to safeguard it [illegible]
[illegible] I like to [illegible] you could [illegible]
[illegible] and [illegible]

A No, we didn't actually.

Q Did you ever examine any specific member's accounts, the ledger cards in the association office?

A Well, I did. I went through the ledger cards in a few instances.

Q On which accounts?

A On accounts in my area. But not all of them. Just one or two that I was wondering about. And I took photostat copy of my ledger from 1961 and 1962, and then I got a written copy in 1963, and the end of 1964, on my own ledger account, but no one else's.

Q Have you ever checked the ledger card of Noel Brandley?

A No, I never did because I---

Q You recognized that this particular account was having difficulty from time to time, I presume.

A Yes.

Q And you recall the letter that was read yesterday and signed by Mr. Houlton and by Mr. Hatch?

A Yes.

Q You recall this being discussed then at a meeting, do you, the letter sent to Mr. Bradstock regarding the Noel Brandley account?

THE COURT: You had better show him the letter Mr. Weir.

THE WITNESS: I don't recall exactly.

MR. WEIR:

-- we didn't actually.

Q Did you ever examine any equity ledger accounts, ledger cards in the association office?

A Well, I did. I went through the ledgers on insurance.

Q On which accounts?

A On occasion - in my mind. But not of two that I was wondering about, on of my ledger from 1961 and 1962 and copy in 1963, and the end of 1964 but no one else.

Q Have you ever checked the ledger card?

A No. I never did because I-

Q You recognized this particularly as difficulty from time to time present?

A Yes.

Q And you recall the letter that was read yesterday signed by Mr. Houlton and Mr. Kelly?

Yes.

You recall this being discussed then at a meeting, the letter to Mr. Hendrickson regarding the ledgers?

A Absolutely

Q Do you recall this letter marked as Exhibit B 3, this particular letter which has been marked as exhibit B3 discussed at a Board Meeting? The meeting immediately following the writing of that letter, at that meeting, there is a reference to a discussion of the Noel Brandley account.

THE COURT: What page is that?

THE WITNESS: This is a letter from Mr. Hatch to Mr. Bradstock.

MR. WEIR:

Q Do you recall that letter being discussed at all at a Board Meeting?

A No, I do not. I wouldn't say that it wasn't though.

Q At a meeting of May 15th, 1962 there is an item which is marked -"Supervisor reported to the Board the picture on the Brandley account as a result of the difficulty which Mr. Brandley had gotten into." What was discussed in connection with the Noel Brandley account at that particular meeting?

A Now, I can't recall word for word what was discussed, but it seemed like quite often when the accounts did come before us, and they did occasionally, we were specifically asked, we would specifically ask our supervisor how this account was progressing, especially an account like that, and in every case he would give us to his knowledge what was going on.

Q Do you recall this letter marked Mr. Hathaway in particular letter which has been marked Exhibit B discussed at a Board Meeting? The meeting immediately following the writing of that letter in the -- there is a reference to a discussion

S Brandley account.

R THE COURT: What was

THE WITNESS: This is a letter

Hatch to Mr. Broadstock.

MR. WEIR:

Q To you recall that letter being discussed

a Board Meeting?

A No, I do not. I wouldn't say the in weeks to

Q At a meeting of May 15th, 1961 there is an

is marked -"Supervisor reported to the board, in

on the Brandley account as a result of

which Mr. Brandley had entered into." What was dis-

cussed in connection with the Mural Brandley account

that particular meeting?

No. I don't recall word for word what was discussed.

But it seemed like quite often when the accounts had

-- they all occasionally, we were

[illegible]

[illegible]

[illegible]

Q I show you page 7 of the special report. Would you look over the names on this report that are referred to on this page and tell me if you have ever examined the ledger cards of any one of those accounts?

A In looking over it quickly I don't see any of my district here, no. I wouldn't have examined any of the credit cards.

THE COURT:

Q Mr. Mahew is not in your district?

A No. He is in our close area but he wasn't on my list.

Q And you had a good area?

A Yes, I had a good area.

MR. WEIR:

Q Mr. Keeler, you made a motion on September the 13th, 1960, that Mr. V. L. Burke does not qualify under association regulations. Do you recall making this motion?

A Yes. Well, I recall the day that it came up, and we didn't think that he being a stock buyer, that he quite qualified under the buyer and seller---

Q And yet on July the 10th, 1961, you were present at a meeting when his application for membership was accepted with a limit of $25,000.00. Did you voice any objection at this particular meeting?

A Yes, but I voted for it because he had qualified then. He came under the rules of our feeder program.

Q How could he have changed just over that short period of time?

On page 7 of the special ... would you
swap the numbers on this report? That was zero
this page and tell me if you have ever examined the ledger
cards of any one of these accounts?
In looking over it briefly I don't see
here, no. I wouldn't have examined any of
THIS COURT:
Q Mr. Hahem is not in your direction?
A No. He is in our store ... in ...
Q And you had a good report
A Yes, I had a good one
MR. WEBB:
Q Mr. Keeler, you made a motion ... Isenberg ...
that Mr. V. ... Burke ... ... under
regulations. Do you recall making that motion?
A Yes. Well, I recall the day ... it seems ...
think that he being a stock buyer, that ... in ...
under the buyer and seller--
Q And yet or duly the 10th, 1961 you were present ... a
meeting when the cost ... for depreciation was ... and
$95,000 ... Did you make any objection to

A Either we got more information---I don't recall---we would have to go according to our supervisor's recommendation because I didn't go to the yards of Mr. Burke, but he qualified as a member as a bona fide feeder for both cattle and hogs.

Q And what did Mr. Hatch, or anybody else say at that meeting to convince you that when you moved a motion that he not be accepted on September the 15th, 1960, that you had actually made a mistake then and perhaps that you should have accepted him then?

A No, we should not have accepted him before on the knowledge we had.

Q What different knowledge did you have at this meeting of July the 10th, 1961, when you accepted Mr. Burke?

A He said that he qualified now under the rule of a qualified feeder, he qualified as a bona fide feeder. And when I say that he was a qualified feeder, he owned a feed yard. And we knew that he had experience, that is according to the supervisor's information that he got, he had experience in feeding, And with his brother, if I'm not certain, and I believe that is true, along with his brother who was operating the yard we thought that he could qualify.

Q Were you not aware of the fact that Mr. Burke was actually buying cattle in competition with buyers of the Lethbridge Central Feeders Association?

A Yes, but Mr. Burke didn't have an application large enough

We got more information--I don't recall--we have to go according to our supervisor's recommendation because I didn't go to the yards of

qualified as a member as a bona fide feeder for

and huge.

Q And what did Mr. Marks, or anybody else say in to convince you that when you owed a motion to be accepted on September the 15th, 1900, it actually made a mistake then and perhaps that you have accepted him then?

A No, we should not have accepted him before on the we had.

Q What different knowledge did you have at this July the 10th, 1961, when you accepted Mr. Em? He said that he qualified now under the rule of a feeder. He qualified as a bona fide feeder.

say that he was a qualified feeder, he owned a farm And we knew that he had experience. That is according to the supervisor's information that he got. He had experience in feeding. I with his brother, if I'm not certain, and I believe that is true, along with his brother who was operating the yard we thought that he could qualify.

to actually make it matter much. He would---

Q Well, $25,000.00 is a reasonable amount of money?

A Yes, but it would not be enough to interfere with our program in my opinion.

Q The meeting of September the 11th, 1962, you made a motion at that meeting that the association go into the hog business with Wayne Smith. Do you recall making this motion?

A Yes.

Q It would seem to me that this was the, that it was not the intention of the Association when it was established. Why was this---Why did you feel that it was a good idea to make this motion?

A If I recall it, and that is quite a while ago, the instance was that he already owed us a little money and hethought that he could pay it back better in the business that he was struggling to build up, and if he had a little help that over a period of time we could get all the money. And I knew the integrity of the man. I knew that he meant business, and was equal to it, so I was willing to go along with him because with cattle he had not been so successful.

Q So you felt that because of the opinion that you had of Wayne Smith that it was worth a gamble to bend the principles of the association slightly to help bail Mr. Smith out of a difficult position, and the association?

A I was willing to go along in any way that I thought we could

Did make it matter much. No result--
Well, $325,000.00 is a reasonable amount of money
Yes, but it would not be enough to institute a
program in my opinion.

Q The meeting of September the 11th, 1962
motion at that meeting that the association go
hog business with Wayne Smith. Do you recall that
motion?

Yes.

It would seem to me that this was the, that in
interaction of the association when it was creating
Why was that--Why did you feel it was a
make this motion?

A If I recall it, and that is quite a while ago,
was that he altered, owed us a little money and
that he could pay it back better to the owners
was struggling to build up, and if he had a little more time
over a period of time we could get all the money. We
knew the integrity of the man. I knew that he meant
business, and was equal to it, so I was willing to go along
with it because 4th district had not been so successful.
It because opinion that you had
it was

help him and have both benefit, so putting it over a little period of time, I don't recall the time, two or three years. We inquired very often from our supervisor and in every case he said that he was progressing fine and meeting his payments.

Q Did you have any knowledge of the Pereverziff account before March 17th, 1964?

A No, I never heard the name.

Q As a member?

A As a member or otherwise. I didn't know that he existed.

Q Don't you recall the conversation held at one of the Board Meetings concerning the reference to your marketing agency written on the side of one of Mr. Pereverziff's trucks?

A No, I don't remember anything about it at the moment.

Q Did you, looking back now, did you realize before March the 17th, 1964, of the membership in the association of the Hin Hat Som Ranch?

A No, I never heard of such a thing.

Q Are you aware ---were you aware as a Board member that, of the arrangements that Mr. Hatch made in 1963 with Mr. Noel Brandley and Mr. Hinman regarding that feeding arrangement that has already been discussed, and you heard us discussing it yesterday?

A Yes, I was here yesterday and thank goodness for that. The information I got from Brandley, from the Brandley case

help him and have both benefit, so [illegible] a [illegible] period of time, I don't recall the time, [illegible] three year. We inquired very often from our [illegible] case he said that he was progressing fine [illegible] payment.

Q Did you have any knowledge of the Pace [illegible] March 17th, 1964?

A No, I never heard the name.

Q As a member?

A As a member or otherwise, I didn't know [illegible].

Q Don't you recall the conversation held at Board Meetings concerning the reference [illegible] agency written on the size of [illegible] trucks?

A No, I don't remember anything about it at [illegible].

Q Did you, looking back now, did you [illegible] the 17th, 1964, of the membership in [illegible] the Nim Nee Som Ranch?

A No, I never heard of such a thing.

Q Are you aware - were you aware as a Board member [illegible], of the arrangement that Mr. Hayes made in 1962 with Mr. Hood?

A Mr. [illegible] transfer [illegible] and [illegible]

was that he had, that he was making good progress, and that he was nearly out.

Q So that you had no knowledge of this particular transaction I'm referring to?

A No.

Q No further questions. Thank you.

MR. MOSCOVICH: No questions.

MR. LEITCH: No questions.

MR. PROWSE CROSS EXAMINES THE WITNESS:

Q Mr. Keeler, you saw these big sheets we showed the members yesterday, exhibit B 9?

A Yes.

Q Do you recall your Board of directors discussing those sheets with Mr. Hatch?

A No. We quite often would get a list of the accounts and go over them. I would always look at my own first, and then I would look through the rest, and if I saw, and which I did in a case or two, two or three times, see one that I was wondering about then I would discuss it, and the other members did too, but it was not in that form. It was a list alphabetically so that we could pick the names out.

Q When you looked at these lists did you not notice that the credit limit for numerous individuals was far in excess of what they were tohave?

A Well, I wouldn't remember every man's credit limit.

was that so bad, that he was making good progress--and that he was nearly ok.

Q So that you had no knowledge of this particular arrangement in referring to?

A No.

Q No further questions. Thank you.

MR. MORGOVITZ: No questions

MR. LEITCH: No questions

CROSS EXAMINED BY WITNESS:

Q Mr. Leafar, you saw these rug sheets we showed you yesterday, exhibit 1 ?

Yes.

Q Do you recall your found of directors discussing sheets with Mr. Hatchy

A No. We quite often would get a list of the programs to go over them. I would always look at my own first and then I would look through the rest, and if I saw, and which I did in a case or two, two or three times, see one that I was wondering about then I would discuss it, and the other members did too, but it was not in that form. It was a list alphabetically so that we could pick the

We did see the credit limits every fall, but I would not remember them off hand. And they were not a row of credit limits and a row of their borrowings as I recall. I don't remember. I know there were times when they exceeded their limits and we discussed that.

Q You knew that you, that the supervisor was supplying lists of accounts to the bank every month?

A Yes. Yes, I knew that.

THE COURT:

Q Are you sure of that now Mr. Keeler? Don't say"yes" and just---

A I wouldn't know, but I am sure that the bank had the privilege.

Q That is not the question. Did you know that he was supplying these lists that you heard talked about yesterday every month?

A No.

MR. PROWSE:

Q You never knew that?

A No, not every month.

Q Did you originally meet with Mr. MacLean when he took over this account?

A No.

Q Were you one of the executive?

A No.

Q So that you didn't know what the bank required?

A No.

THE COURT:

Q Except thatthey wanted their money?

A Yes, that is reasonable. You could guess.

MR. PROWSE:

Q Insofar as the field men and that, you never ever required written reports from them?

A No. The Board didn't, no.

Q That is all.

MR. MOSCOVICH: May I ask Your Honour if there has been filed the articles of association?

THE COURT: Great minds think alike. I was just going to ask about the objects.

MR. MOSCOVICH: I have them here.

THE COURT: It is in the minutes.

MR. MOSCOVICH: They have been questioning the directors on pigs and hogs.

THE COURT: They can buy all kinds of livestock.

MR. MOSCOVICH: I don't see the purpose of that question, My Lord.

THE COURT: Except there was the isolated incident where they did go into the pig business. They have the right.

Q Mr. Keeler, I don't think we have asked this of any other director, but the object of the association primarily was to buy cattle for the members, put the cattle out on feed,

No.

THE COURT:

Except the they wanted their money?

A Yes, that is reasonable. You could guess.

MR. BROWER:

Q Inasfar as the field men and

written reports is from them?

A No. The Board didn't, no

Q That is all.

MR. MOSCOVICH: May

has been filed the articles of association

THE COURT: Great minds th.

just going to ask about the bylaws.

MR. MOSCOVICH: I have them here

THE COURT: It is in the .

MR. MOSCOVICH: They have been

directors on pies and boys.

THE COURT: They can buy all his of

MR. MOSCOVICH: don't see the purpose of that

question. My Lord.

[illegible] Except there was the isolated

[illegible] was they did go into the pig business. They have

and the members were to feed them, and then the cattle were to be brought back in and sold and settlement made, is that correct?

A Yes, I think that is the primary purpose.

Q The primary purpose?

A Yes.

Q And as time went on you departed from that to considerable degree, did you not?

A Yes.

Q I notice here we have three trays of ledger accounts for members, and we have two trays covering N. A. B., which means Non-Association Business. Now, I presume the object was that you got other people dealing and you would make some money for the association. But you were getting into a commercial venture there, were you not?

A Since we took over the, and organized the subsidiaries, marketing, then we were in the auction business, buying and selling.

Q Mr. French said yesterday, at least I thought that most of the dealings were with members and he said "no, a very small percentage of the total business of the marketing association was with the members."

A You have to bear in mind that that is the marketing association, not the Lethbridge Central Feeders Association.

Q Yes. Would you say that that was correct?

and [illegible] members were to feed them, and then the earnings were to be brought back in and sold and settlement made. [illegible]

Q That correct?

A Yes. I think that is the primary purpose

Q The primary purpose?

A Yes.

And as time went on, you departed from that to [illegible] a[illegible]ble degree, did you not?

A Yes.

Q I notice here we have three trays of larger accounts [illegible] members, and we have two trays covering [illegible] A. B., [illegible] mean Non-Association Business. Now, I presume the [illegible] was that you got other people dealing and you would [illegible] some money for the association. But you were [illegible] into a commercial venture there, were you not?

A Since we took over the, and organized the subsidiaries, marketing. Then we were [illegible] the association business, buying and selling.

Q Mr. [illegible] said yesterday, at least I thought that most of the dealings were with members and he said "no, a very small percentage of the total business of the [illegible]ing association was with the members."

[illegible]ser in that it was the earnings

A Yes, I would say that is correct.

Well, I wouldn't be in a position to say exactly correct because I didn't go through their invoices.

Q Now, when a member wishes to retire from the membership and get his money back it would require a motion from the Board of Directors?

A Yes.

Q And you have noticed in the auditor's report that during the past year several members got their money back and their reserve back without a motion of the Board?

A I discovered it shortly afterMarch the 19th, and it was irregular as far as I was concerned.

Q And you confirmed the statement of the auditor that in those cases mentioned in the auditor's report there were no resolutions of the Board?

A No, not to my knowledge.

Q You would be there?

A Yes, I was there.

Q Did you ever raise the question of people who were doing a considerable amount of business with the association should become members?

A Yes.

Q I notice one in there where a man did $750,000.00 worth of business over the years, and never did become a member?

A That was Non-Association Business.

Q Yes. But he had been borrowing money from the association.

No. I [illegible] say that is correct.

[illegible] I wouldn't be in a position [illegible] say exactly because I didn't go through their [illegible]

Q. Now, when a member wishes to retire from [illegible] of his money back it would require a motion [illegible] of Directors?

A. Yes.

Q. And you have noticed in the auditor's report [illegible] the past year several members [illegible] say [illegible] their reserve back without a waiver of the [illegible] I discovered it shortly after [illegible] the [illegible] irregular as far as I was concerned.

Q. And you continued the statement [illegible] auditor [illegible] those cases mentioned in the [illegible] report there no resolutions of the Board?

A. No, not to my knowledge.

Q. You would be there?

A. Yes, I was there.

Q. Did you ever raise the question of people who were in considerable amount of business with the association [illegible]

At least it was charged up to him?

A I don't recall. But I know we had a lot of people that gave us their business. We didn't, their names were not on our lists that I ever saw.

Q No. But you did not raise it. Did you ever, did the Board ever raise a question about people who were doing business should join up so that you would have their membership and reserve?

A Yes. I have been out and sought them myself, and in several cases they have come and been members.

Q That wasn't the point I was getting at. The point I was getting at was people doing business with the association?

A Yes, in one case. Just in one case. I personally didn't seek them, and they came in, and they were doing a lively business with us.

Q Now, with reference to Mr. Mahew, in coming in to attend the Board Meetings, and in coming into Lethbridge, you would pass his feed lot?

A Yes.

Q Did anything---Were you never disturbed by what you saw there?

A Yes, I thought that he was travelling faster than the rest of us.

Q In what way?

A Well, from the road it didn't look like he had too much land, but he may have lots of land, and I understand that

was charged up to him?

I don't recall. But I know we had a lot of people came
from the their business. We didn't their names were
on our lists that I ever saw.

No. But you did not raise it. You over, did
Board ever raise a question about people who were
business should join up so that you had
membership and reserve?

Yes, I have been out and sought them myself, and
several cases they have come and been members.
That wasn't the point I was getting at. The point
getting at was people doing business with the
Yes, in one case just in the case , person
seek them, and they came in, and we were doing
business with us.

Now, with reference to Mr. Vanney, in counties , after
the Board Meetings, and in coming into Bathbridge, you
would pass his feed lot?

Yes.

Did anything where you never disturbed by what you saw
, , ,

- result that he was travelling faster than the
, , , ,

he has some off the road. But I thought that he had such a good feed yard that I started to feel sorry for myself because I figured I wasn't smart enough to do the same things.

Q You are suggesting, Mr. Keeler, that he had a pretty good set up?

A Yes, I thought that he had a very nice set up, and he was feeding over twice as many cattle as I was.

Q Would you say it was an expensive set up?

A No, it was not an expensive set up. But it was laid out nice. However, that wasn't the thing that disturbed me. It was the lovely machinery that he was buying that disturbed me.

Q He just bought that machinery this year?

A I thought that maybe his land was more productive than mine.

Q You were looking at the machinery since January of this year, or before that?

A Well, before, yes, he had a nice set of machinery before that. Your Honour, I don't want to avoid saying that twice in the last two or three years my attention had been drawn to the case.

Q To what?

A To the Mahew case. And I had brought it to the attention of our supervisor and in every case he led me to believe and had made me feel quite secure that everything was okay

he has gone off the road. But I thought he's had a good head yard that I started to feel sorry for him because I figured I wasn't smart enough to [illegible]

You are engaging, Mr. Keeler, that he set up?

Yes, I thought that he had a very nice [illegible] was reading over twice as many [illegible]

Would you say it was an expensive set up?

No, it was not an expensive set up. It [illegible] nice. However, that wasn't the thing that [illegible] It was the lovely machinery that [illegible] disturbed me.

He just bought that machinery this year?

I thought that maybe his land was more green [illegible]

You were looking at the machinery since January 1 of this year, or before that?

Well, before, yes, I had a nice set of [illegible] before that. Your Honour I don't want to avoid saying that [illegible] in the last two or three years my attention had [illegible] drawn to the case.

there. We did discover that he was behind before March 19th many times, but he was making good progress and we, I was asked to go in one day and look at the feed situation in the fall of 1963, and I did, I walked in there and his bins were full of grain, and I reported that his bins were full of grain. But early in January, 1963 he was selling some of this grain.

Q 1963 or 1964?

A Early in 1964. Early in 1964 he was selling some of this grain, and he was selling it to a party that came to me and asked me how he could be selling grain with so many cattle in his yard. I brought it to the attention of the supervisor and he said that that is nothing, that he had lots of grain, that he had more than enough to feed his cattle, so I didn't worry about it.

Q You didn't bring it to the attention of the others at the meeting?

A No, I only brought it to the attention of the supervisor.

Q I think that is all.

Thank you very much Mr. Keeler.

(WITNESS STANDS DOWN)

DONALD L. NILSSON, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q What is your name?

A Donald Lyndon Nilsson.

[illegible] He did discover that he was behind before March [illegible] many times, but he was making good progress and was [illegible] I was asked to go in one day and look at the feed situation in the fall of 1963, and I did. I walked in there and his bins were full of grain, and I reported that his bins we[illegible] full of grain. Put easily in [illegible] m[illegible] [illegible] into grain.

Q 1963 [illegible]?

A Exactly as 1964. Now, in 1964 as was selling a[illegible] grain. And he was selling it to a county that [illegible] and asked me how he could be selling grain with so much [illegible] cattle in his yard. I determined it is the situation [illegible] the supervisor and -- see, that that [illegible] [illegible], that he had lots of grain, then we had more grain [illegible] feed the cattle so I didn't worry about it.

Q You didn't bring it to the attention of [illegible] at the meeting?

No, I only brought it to the attention of the supervisor. I think that is all.

Thank you very much Mr. Keeler.

(WITNESS STANDS DOWN)

[illegible]

[illegible] cross-examined by Mr. Wood.

Q When did you first enter the employment with the Lethbridge Central Feeders Association?

A I worked for them for 18 years, I guess it would be, in 1946.

Q And you worked with them until what time?

A Until last July. The end of July.

Q What was your position with the Association?

A I was field man.

Q And what did that entail?

A That entailed the buying and selling of cattle and sheep and whatever livestock they had.

Q Did you buy any livestock in your own capacity through the association on a specific---

A Not for my own personal self, no.

Q Mr. Nilsson, did you ever buy cattle in the ring? Actually what I'm coming to, I'm wondering whether you are aware of the fact that Mr. V. L. Burke was buying cattle through the ring?

A At the time we started the Central Livestock Mr. French bought most of the cattle in the ring and if he wasn't there I would go in and buy.

Q Were you ever there when Mr. Burke was buying cattle?

A Yes, several times.

Q Did you know that he had a membership card?

A Yes.

Q Did it strike you as being rather strange that he would

When did you first enter the employment with the Tarbrlaze General Western Association?

A I worked for them for 18 years, I guess it would be in 1946.

Q And you worked with them until what time?

A Until last July. The end of July.

Q What was your position with the association?

A I was field man.

Q And what did that entail?

A That entailed the buying and selling of and whatever livestock they had.

Q Did you buy any livestock in your own name association or a specific---

A Not for my own personal self, no.

Q Mr. Nilsson, did you ever buy cattle in the Miami area what I'm coming to, I'm wondering whether you are aware of the fact that Mr. V. L. Burke was buying through the ring?

A At the time we started the General Livestock Mr. Yeager bought most of the cattle in the ring and if he wasn't

a when Mr. Burke [illegible] buyer [illegible]

have a membership card and buying in competition with the Lethbridge Central Feeders Association?

A Yes, it did in a way, but the class of cattle that Mr. Burke bought was more the dairy type, and we bought very very few of that type, and if we did we felt we could do better, do a better job further North.

Q Are you suggesting that he was not in competition?

A No, if he had an order for some calves, it wasn't for himself though that I could see.

Q No. I'm wondering if it ever struck you why he was in the ring bidding against us, and he has credit through the Association?

A I didn't give it much thought. He didn't buy too many cattle.

Q Are you acquainted with these documents marked as Exhibit A 19?

A Yes.

Q Now, I understand that these are certain inspections of farms to determine the amount of cattle on hand?

A Yes.

Q Were you involved with any of these inspections?

A Yes, I was out there with the banker.

Q Are these your initials?

A Yes.

Q And you were involved in a good number of these inspections?

A Yes.

[illegible] a reasonably sound and buying in competition with the [illegible] Judge Gentry] Feeders Association?

A Yes, it did in a way, but the class of cattle that Mr. Burke bought was more the dairy type, and we bought very few of that type, and if we did we felt we could better, do a better job further North.

Q Are you suggesting that he was not in competition?

A No, if he had an order for some calves, it wasn't in himself though that I could see

Q No. I'm wondering if it ever struck you why he was [illegible] ting odding against us, and he has credit through [illegible] Associations?

A I didn't give it much thought. He didn't buy so many cattle.

Q Are you acquainted with these documents marked as Exhibit A ???

A Yes.

Q Now, I understand that these are contain inspections of farms to determine the amount of cattle on hand?

A Yes.

Q You involved with any of these Indy stations?

A [illegible] out to with the banker.

Q [illegible] Italy?

A [illegible]

Insert

Q Did you do any similar inspections prior to March 17th, 1964?

A I made two inspections with the bankers.

Q When?

A On the day that, right shortly after this situation arose we made an inspection, and then we made an inspection later.

Q And what I'm concerned about, what inspections, if any, did you make prior to March 17th of this year?

A Well, we had a program of visiting the feed yards.

Q How often would you make these inspections?

A Oh, there was no set time. We go out and most of the time we would see the cattle when we would take out fat cattle.

Q Was there any program of inspections?

A No, not really any set program.

Q Did you ever have a written form like this to prepare before March the 17th?

A At different times we did.

Q You did at times make a written report?

A Yes.

Q Was it similar in structure to this particular form?

A No, it was not. It was more along the lines of the cattle that he had and how near to market fat they were. We were interested in these cattle from the viewpoint of getting them when they were ready.

Q What was actually stated on your form? Was it a printed

Q Did you do any similar inspections prior to [illegible]?

A I made two inspections with the bankers.

Q Merely?

A On the day that, right shortly after this we made an inspection, and then we made an inspection later.

Q And what I'm concerned about, what inspections did you make prior to March 1st of this year?

A Well, we had a percent of viability the [illegible] How often would you make those inspections?

A Oh, there was no set time. We go in and when we would see the cattle when we would take out was there any program of inspect?

A No, not really any set program.

Q Did you ever have a written form like March, the 1968?

A At different times we did.

Q You did at times make a written report?

A Yes.

Was similar in substance to this particular form?

A. I was sure. I was on along the lines of the cattle to market fat they were. We were [illegible] from the viewpoint of [illegible]

form or was it simply a memo paper that you made notes on?

A At one time it was a printed form and the other times we would just come in, sometimes verbally. Most of the time it was just verbally.

Q How many times can you recall filling out a written form in connection with cattle inspections?

A Very few?

Q Three?

A Three or four times.

THE COURT:

Q That is in 18 years?

A That is just a guess.

MR. WEIR:

Q Three or four times over thislength of time?

A Yes.

Q Do you recall ever making any inspections of cattle recorded on page 7 of the special report?

A I have been in most of these feed yards.

Q Within the past couple of years have you made inspections in connection with any of these accounts mentioned on page 7 of the special report?

A I have been at the place---I don't know about this one. Oh yes, that is Roy Renner. It is spelled wrong here. I couldn't figure out who it was.

Q Did you say most of these people on this page?

A I have been at Bickman's.

form or was it simply a memo paper that you made notes on?

A At one time it was a printed form and the other times we would just come in, sometimes verbally. Most of the time it was just verbally.

Q How many times can you recall filling out a written form in connection with public inspections

A Very few?

Q Three?

A Three or four times

THE COURT:

That is in 18 years?

A That is just a guess.

MR. WEIR:

Three or four times over thirteenth of times?

A Yes.

Q Do you recall ever making an inspections of service recorded on page 7 of the special report?

I have been in most of these feed yards.

Q Within the past couple of years have you made inspections in connection with any of these accounts mentioned on page 7 of the special report?

I have be at the ... ie---I don't know about term s. ... Summer. It is

THE COURT: Work from the bottom up. The 11 names on the bottom.

MR. WEIR:

Q Now, in connection with this bottom half of the page, do you recall making inspections within the last couple of years on those?

A Yes, except Mr. Homberger, and he had no cattle.

Q All the other individuals?

A Yes, all the other individuals. I was in the feed lot at different times of these other individuals.

Q And nothing struck you from being out of the ordinary?

A They were feeding their cattle and getting them fat. When I went into a feedlot that is what I was looking for.

Q How did you know how many cattle that you should have been looking for? Did you look at the ledger cards before you went out?

A I wasn't interested in how many cattle there were. I was interested in how many fat cattle there were. I usually had a packer-buyer with me to sell him the fat cattle.

Q So in these inspections that you are referring to you were not going out to simply count cattle?

A No.

THE COURT:

Q Did you ever count cattle?

A Yes, I counted cattle at different times.

Q Did you ever count cattle, the cattle of these people in

MR. [illegible] Work from the bottom up. The 11 [illegible] on the bottom.

MR. [illegible]:

Q. In connection with this bottom bull - the year do you recall making inspections within the last couple of years or, those?

A. Yes, except Mr. Monterey, and he had no cattle.

Q. All the other individuals?

A. Yes, all the other individuals. I was in the feed [illegible] different times of these other individuals.

Q. And nothing struck you from being [illegible] farmer.

A. They were feeding their cattle and [illegible] on [illegible]. When I went into a feedlot that is one [illegible] was looking and [illegible].

Q. How did you know how many cattle [illegible] have been looking for? Did you look at [illegible] before you went out?

A. I wasn't interested in how many cattle there were. I was interested in how many fat cattle there were. I usually had a trader-buyer with me to sell him the fat cattle. So in these instances that you are referring to you not going out to simply count cattle?

the last couple of years?

A Yes, I counted cattle in these feed yards last year.

MR. WEIR:

Q On each one of those at the bottom of the page?

A Except Hornberger and Sorensen.

Q How did you know how many cattle should be there?

A I didn't know how many cattle should be there. I went out to count how many cattle were there.

Q What did you do when you counted them?

A We counted them and the banker wrote down the number and I wrote down the number.

THE COURT:

Q These were inspections with the banker?

A Yes, the last time I was at these feedlots was with the banker on these cows.

MR. WEIR:

Q Now, we are talking about inspections in particular for March 17th, 1964 and back through a two year period, you made inspections on each one of those?

A Yes. I don't know whether you would call them inspections, but we went there to, I went there to look at the cattle and check on the condition and the saleability of these cattle.

Q When you counted the cattle or made an estimate of the number of cattle what did you do with this information?

A I don't recall making an estimate on the number of cattle

the last couple of years?

Yes, I counted cattle in there feed yards last year.

MR. WEIR:

On each one of those as the bottom of the page?

Except Hornberger and Sorensen.

Q How did you know how many cattle should be there?

A I didn't know how many cattle should be there, I went out to count how many cattle were there.

Q What did you do when you counted them?

A We counted them and the banker wrote down the number and I wrote down the number.

THE COURT:

Q These were inspections with the answer?

A Yes, the last time I was at these feedlots was with the banker on these cows.

MR. WEIR:

Q Now, we are talking about inspections in particular for March 17th, 1964 and back through a two year period, you made inspections on each one of those?

A Yes. I don't know whether you would call them inspections, but we went there to, I went there to look at the cattle check on the condition and the sal bility of these

in these cases. I was interested in the number of fat cattle. I was the field man and I was to go out and buy these cattle and sell them when they were fat. At that time I was interested in the number of fat cattle. My job was to sell those cattle when they were fat.

Q The question that I am trying to determine is, what work did you do prior to March 17th, 1964, of a comparable nature to these documents marked Exhibit A 19.

Now, you just told us that you made some certain inspections concerning a good number of the people on this page 7 of the special report, and now you are telling us that you---

A You have a different idea of inspections than I have. I didn't go out specifically to count that man's cattle, no, I did not.

THE COURT:

Q Did anybody?

A No, not to my knowledge, except when Mr. Hatch went with the bank and I presume that they counted the cattle.

Q Now, when you went with the banker were you not counting cattle?

A Yes, at that time. That was after March 17th.

Q Not before March 17th?

A No, I was never out with the banker to my knowledge.

Q You were here yesterday and you heard us discuss the arrangement that Mr. Hatch made with Mr. Brandley and Hinman concerning cattle transactions of last year, 1963?

[illegible] cases. I was interested in the number of fat cattle. I was the field man and I was to go out and buy cattle and get them when they were fat. [illegible] that the I was interested in the number of fat cattle. My job was to sell those cattle when they were fat.

The question that I am trying to determine is what was did you do prior to March 17th, [illegible], in a nature to these documents marked Exhibit

Now, you just told us that you made some [illegible] concerning a good number of the cattle [illegible] the special report, and now you are saying [illegible]

You have a different idea of inspections [illegible] didn't go out specifically to count [illegible] cattle.

No, I did not.

MR. COURT:

Did anybody?

No, not to my knowledge except when [illegible] was at the bank and I presume that they counted the cattle.

Now, when you went with the banker were you not counting cattle?

[illegible] that time. That was after March 17th.

[illegible] March 17th?

[illegible] out with

A Yes. by Mr. Anderson because [illegible]

Q Feeding these certain cattle obtained through the Knight

Q ranch and the Cochrane ranch?

A They were not got through the Knight ranch and the Cochrane

Q ranch. There were got through Central Livestock.

Q You are aware of this incident now?

A Yes. [illegible]

Q Were you aware of it before March the 17th, 1964?

A Yes, I knew there were calves being wintered down there.

Q You knew this? [illegible]

A Yes. [illegible]

THE COURT: [illegible]

Q Did you know the deal? Were you there when the deal was made?

A I wasn't there when the cattle were received or delivered.

MR. WEIR:

Q Did you know what arrangements were made?

A No. [illegible] STANDS DOWN.

THE COURT: [illegible]

Q Do you know of anybody that knows in the organization [illegible]

besides Mr. Brandley and Mr. Hinman and Mr. Hatch?

A I was never told about it.

MR. WEIR:

Q Were you aware [illegible]

A I was aware that they had [illegible]

account and were paying all his cheques and receiving

all his money as [illegible] because I was told

that by Mr. Anderson because he was the person that was doing the work.

Q When did you become aware of this?

A I don't know the time.

Q Approximately?

A When it was started about a year and a half ago when it was started. I don't know the time.

Q Did you mention this to anybody, and in particular anyone on the Board of Directors?

A No, not to my knowledge.

Q Now, Mr. Nilsson, we are going to be calling you later on in January concerning some personal arrangements that you made with Mr. Hatch and so on, but I have no more questions at this time.

MR. PROWSE: As long as he is coming back.

THE COURT: Thank you Mr. Nilsson.

(WITNESS STANDS DOWN)

ARNOLD MELVIN SUCHER, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q What is your name?

A Arnold Melvin Sucher.

Q Mr. Sucher, when did you become an employee of Lethbridge Central Feeders Association?

A On February 20th, 1962.

Q And when did you cease to be an employee of Lethbridge Central Feeders Association?

that by Mr. Anderson because he was the person that was doing the work.

Q When did you become aware of this?

A I don't know the time.

Q Approximately?

A When it was started about a year ago. I don't know when it was started. I don't know the time.

Q Did you mention this to anybody, and in particular any on the Board of Directors?

A No, not to my knowledge.

Now, Mr. Nilsson, we are going to [illegible] you later in January concerning some personal [illegible] made with Mr. Hatch and m on, but I have [illegible] at this time.

MR. PROWSE: As long [illegible] [illegible]

THE COURT: Thank you Mr. Nilsson.

(WITNESS STANDS DOWN)

ARNOLD MELVIN SUGDEN, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q What is your name?

A Arnold Melvin Sugden.

Q Sugden, when did [illegible] become an auditor of Leatherdale

A At the end of July, 1964.

Q And in what capacity were you hired, Mr. Sucher?

A I was office manager of Central Livestock Marketing and I kept the records of the Lethbridge Central Feeders Holding Pens.

THE COURT:

Q Office manager of the marketing association?

A Yes.

Q And---

A And I kept the records of the holding pens.

MR. WEIR:

Q Now, it has been suggested to me that the holding pens were used on certain occasions to feed and water some cattle that were brought in from British Columbia before they were weighed, and eventually sold tothe members of the Association on the new weight having been acquired after this feeding and watering. Now, are you acquainted with anything in that connection?

A The general practise, to my knowledge, was to bring the cattle in and sell them on the bought weight. Of course, some of the buyers who were approached to buy these cattle did not feel that they liked to buy the cattle this way. They liked to possibly get a new weight on then, and that was done.

Q I am wondering whether any profit was made, or whether the farmers were paying much more than they should have

At the end of July, 1944.

And in what capacity were you there, Mr. Shubert?

I was office manager of General Livestock Corporation. I kept the records of the Lethbridge Central Feedlots Holding Pens.

THE COURT:

Q Office manager of the company. Was that

A Yes.

Q And -

A And I kept the records of the building. MR

WEIR:

Q Now, it has been suggested to me that the [illegible] were used on certain occasions to feed and water some cattle that were brought in from Brazil. Lethbridge before they were weighed, and eventually [illegible] the Association on the new weight basis [illegible] after this feeding and watering. Now, was you acquainted with anything in that connection?

The general practice, to my knowledge, was to bring the cattle in and sell them on the buyers' weight. Of course, some [illegible] buyers who were approached to buy these [illegible] feel that they [illegible] to buy the cattle [illegible] then, and

been. Going through some of the accounts I got the impression that some of the members were paying an exhorbitant amount for---

THE COURT: Not exhorbitant.

MR. WEIR:

Q It seemed rather high in any event for someof the B. C. cattle?

A As far as the members were concerned the general practise was that they should buy all cattle at the cost of these cattle plus trucking and so on and so forth.

Q This is a general rule?

A There was an exception all right to this rule, but this was the general practise.

Q How many times would an exception occur?

A I don't know. Not very often.

Q About how many times in your employment would you be aware of any other arrangements?

A That is a hard question to answer.

Q Half a dozen times, a dozen times?

A Possibly ahalf a dozen times.

Q What would happen on these occasions?

A On these occasions, as I said before, the cattle would not be sold possibly on the weight that they were purchased, they would be sold on the weight when they arrived at the holding pens. The over all money would be the same, possibly, but the weight would be a new weight and the

price per pound would be increased to meet the over all money involved.

Q THE COURT: That is where there is a decease in weight?

A Yes.

MR. WEIR:

Q Were there circumstances where there was an increase in weight?

A An increase in weight?

Q And the member paid on the increased weight?

A I can't recall of any.

Q You don't know of any?

A No. There may have been, but generally when they are trucked in there is not an increase in weight.

Q No, not when they are trucked in, but when they are fed and watered afterwards and then weighed there would be?

A Yes, there possibly could be, although in most cases if they came a long distance they would probably just barely reach their original weight.

Q After being fed and watered?

A Yes, that could be.

Q So at least on six occasions, approximately---

A I wouldn't say six.

Q Well, approximately six?

A Yes.

Q They would be fed and watered and then weighed, and you

her grand would be interested in most the

into ved.

COURT: That is where there is

in weight?

Yes.

MR. WEEN:

Q Were there circumstances where there was an increase

weight?

A An increase in weight?

Q And the member said a the increased weig

I can't recall of any

Q You don't know of any

A No. There may have been, but generally when

trucked in there is not an increase in weight.

Q No, not when they are trucked in, but when

and watered afterwards and then weighed there

Yes, there possibly could be, although if

they came a long distance they would probably

barely reach their original weig

After being fed and watered?

Yes. that c ild be.

least a six hundred, pounds "fully---

are suggesting that the increased weight was still---

THE COURT: Oh, I don't think that you should suggest to Mr. Sucher at all. If you have specific instances, and I have a few here, I think that you should present him with the figures. I think it is most unfair, Mr. Weir, to ask Mr. Sucher to bring up out of his mind specific instances. There are some instances which I would like to ask.

MR. WEIR: Fine, Your Honour. I will let you follow through.

Q Mr. Sucher, I show you some bank statements submitted to the bank by the Lethbridge Central Feeders Association. Now, have a good look at those statements and tell me if you recognize those statements. Those are the monthly statements that were submitted to the bank by the Lethbridge Central Feeders Association concerning a balance of accounts?

A Yes, I recognize the ones that are marked "Holding Pens" and the others on top are marked "Central Feeders". Yes, I recognize them.

Q Which specific ones are you acquainted with?

A This one here. This is marked on the top "Lethbridge Central Feeders Holding Pens accounts receivable as at December 31st, 1963."

Q And those are the ones that you are acquainted with?

THE COURT: He suggested the first page

does the increased weight was still—

COURT: Oh, I don't think that you should get to Mr. Sucher at all. If you have any instances, and I have a few here, I think that you should present him with the figures. I think it is your notion, Mr. Weir, to ask Mr. Sucher to bring up out of his own specific instances. There are some instances which I would like to ask.

MR. WEIR: Fine. Your Honour will let you follow through.

Mr. Sucher, I show you some bank statements submitted to the bank by the Lethbridge Central Feeders Association. Now, have a good look at these statements and tell me if you recognize these statements. These are monthly statements that were submitted to the bank by the Lethbridge Central Feeders Association concerning a balance of accounts?

Yes, I recognize the ones that are marked "Holding Pens" and the others on top are marked "Central Feeders" Yes, I recognize them.

Which specific ones are you concerned with?

There is one here. This is marked on the top "Lethbridge Holding Pens accounts rose rab e as at

Mr. Weir.

MR. WEIR:

Q You are not acquainted with any of the figures in connection with the Lethbridge Central Feeders Association Members Accounts?

A No, I didn't have anything to do with them.

Q You have never seen these papers before, these statements?

A No. These are the accounts that went to the Bank, I take it? The reports that went to the Bank.

Q Yes.

A I have seen them when the Central Feeders stenographer possibly was making them up, and in passing.

Q But you had nothing to do with thepreparation of them?

A No.

Q I have no further questions Your Honour.

MR. MOSCOVICH: No questions.

MR. LEITCH: No questions.

MR. PROWSE CROSS EXAMINES THE WITNESS:

Q Mr. Sucher, do you know anything about the movement of some cattle to the Burke farm in March of 1964?

A No, I'm sorry I don't.

Q You know the incident that Mr. MacLean gave evidence on the other day?

A Yes.

Q You have no information concerning that at all?

A No.

[illegible]

[illegible]

Mr. [illegible]

You are not acquainted with any of the figures in connection in with the Lethbridge Case. Theatre Association Members [illegible]?

A No, I didn't have anything to do with them.

Q You have never seen these papers in [illegible] a [illegible]

A No. These are the accounts that went in the bank [illegible]

[illegible]? The reports that went to the bank.

Q Yes

A. I have seen them when the General Theatre [illegible] possibly was making them up, and in one [illegible]

Q But you had nothing to do with [illegible]

A [illegible]

I have no further questions Your Honour.

MR. MCKOVITH: No questions

[illegible] Cr: No questions.

MOSS EXAMINED THE WIT

Q Mr. Sanden, do you know anything about the movements of the Nurse farm in March of 1964?

No I'm.

[illegible] were evidence on [illegible]

Q That is all thank you.

THE COURT:

Q Mr. Sucher, yesterday Mr. Houlton, who is the president of the association, made a suggestion that he thought that at one time that the bank had taken over the Brandley account. Now, with that in mind, and in view of the letter ---what is the date on that letter Mr. Weir? Exhibit--- April 19th, 1962. I would like to, I would like you to look at Exhibit A---Now, I have lost it. Anyway, it is these holding pen books. The "H" books. You kept these books, did you Mr. Sucher?

A Yes.

Q Why did you not put the year on some of them?

A They were for my own information so I could find deals myself.

Q They are very good.

A Thank you. I drew them up myself.

Q I would like to find the ones for May, 1962?

A I believe on the cover that it is written in pen, is it not, or on the outside of the cover?

Q Well, I wonder if you would look up settlement number 58.

A Number 58?

Q Yes. Have you got it there?

A Yes.

Q What does that settlement say?

A "The Canadian Imperial Bank of Commerce for the account

of N. Brandley. 115 steers at $21.03. 60 steers at $[illegible]00 a hundred." Now, what

Q And when were the totals totalled?

A The two totals were for the first, 115 steers $11,273.75. For the 60 steers $11,348.20. A total of $22,621.95.

Q Yes, [illegible]

A Less the trucking, $140.00. Yardage and weighing at 10¢ per head, $17.50. Commission at 25¢ a hundred, $257.35. Feed at $304.50. A total deduction of $719.35, bringing the final figure to $21,902.60.

Q Will you look at your cheque and see who got that money?

A Have you the cheque number?

Q No, but it would be same day?

A The cheque is cheque number 128. It was made out to the Canadian Imperial Bank of Commerce with "N. Brandley account" marked at the bottom.

Q I see. Now, who got that money?

A The Imperial Bank of Commerce I would think.

Q Could I look at the Brandley ledger please. Now, what date is that? Now, that is how much money altogether?

A April 18th, 1962.

Q [illegible]

A [illegible]

Q [illegible]

or the one after, I'm not sure. On each of these cheques and the settlements. Now, what happened---that is settlement number----

A Settlement number 59.

Q Yes.

A It is marked L. C. F. for the account of N. Brandley. 91 Steers weighing 43,650, at $21.03--$9,181.00. 12 Steers at 10,090, at $23.00 a hundred--$2,320.70. That is a total of $11,501.70. Less the charges of trucking, $75.00. Yardage and weighing at 10¢, $10.30. Commission at 25¢, a hundred, $134.35. That is a total deduction of $219.65. That left a net of $11,282.05.

Q And what happened to that money?

A A cheque was made out to Lethbridge Central Feeders Association.

Q Have you any idea what happened to it?

A No.

Q And again, Mr. Prowse, I would like you to look at Mr. Brandley's ledger card and I can't see any figure of $11,282.05. Now, that is how much money altogether?

A $34,184.00.

Q $34,184.00?

A Yes.

Q And at that time, Mr. Prowse, Mr. Brandley, according to the records or the ledger card, owed the Association $22,840.00. Now, there may be an explanation, of that,

2 the one after, I'm not sure. On each of these checks and the settlements. Now, what happened---that is settlement number---

A Settlement number 34.

Q Yes.

A It is marked L. C. P. for the account of N. Bramblev, of Sheets weighing 17,650, at $2.02--$1,[illegible] for 12 sheets at 10 [illegible] at $27.01 a hundred--$2,323.70. That is a total of $11,502.70. Less the charges [illegible] trucking, $75.00. Yardage and weighing at 10¢, $1 [illegible] commission at 15¢, a hundred, $13.35. That is a total deduction of $2[illegible] That left a net of $11,282.05

Q And what happened to that money?

A A cheque was made out to Lethbrook Cooper [illegible] Association.

Q Have you any idea what happened

A No.

Q And again, Mr. Crowes, I would like you to look at Mr. Bramblev's ledger card and I can't see any figure of $11,282.05. Now, what is how much money altogether?

$34,181

$34,181

but I presume there will be, but in view of the fact that Mr. Houlton made that statement yesterday I thought that these things should be brought out. I think, Mr. Woo, if you can figure out some way of marking these as Exhibits "H". Mark the invoices as H 5 and the cheque settlements as H 6.

Exhibit No. H 5
Invoices

Exhibit No. H 6
Cheque settlements.

Q Now, I congratulate you on these records that you kept, but they supply me with some questions. I notice in several of the cases in the, one of H le, which runs from October 29th, 1963 to the end, and then H ld as well, there are a considerable number of cases where the, where you settle with the vendor on, after shrinkage, and then you billthem out to the feeder including the shrinkage. Can you give us any explanation of why that was done?

A Thinking back on the situation, the only explanation I can remember at this time would be that the cattle were sold at the gross weight, that is to say without the shrinkage.

Q These are you feeders?

A Yes, these are cattle going to the feeders.

Q Why would you differentiate in one deal and not in another? Why would you add the shrink onto me and not to Mr. Leitch, for instance?

but I presume there will be, but in view of the fact that Mr. Houlton made that statement yesterday I thought - as these things should be brought out. I think, Mr. Woo, if you can figure out some way of marking these as Exhibits "E". Mark the invoices as "D" and the cheque settlements as "G".

Exhibits "D" & "G"
Cheque settlement

Now, I congratulate you on these records that you kept, and they supply me with some questions. I notice in several of the cases in the, one of them in, where runs October 29th, 1965 to the end, and then it is as well there are a considerable number of cases where you, where you settle with the vendor on, with shrinkage, and then you bill them out to the feeder including the shrinkage. Can you give us any explanation of why that was done? Thinking back on the situation the only explanation I can remember at this time would be that the cattle were sold at the gross weight, that is to say without the

- are you feeders?

these are cattle going to the feeders.

Differentiate in cost and cost.

A Of course this would be under instructions from the supervisor. I wouldn't have done this on my own.

Q Did he always give you instructions as to where the changes were made?

A He always gave me instructions as to how to bill the cattle.

Q And there are other, and I think that you will agree with me, quite a few times where there is 25¢ added a hundred?

A Yes.

Q Now, again some are and some are not. Is there any reason for it?

A Yes. Could I go back to the first question on the shrink?

Q Yes.

A There were times that the cattle were sold on the gross weight instead of the shrink weight, and the price of the cattle decreased. The total money on the cattle would be the same.

Q I am looking for 920. 14 steers. Now, this is not shrink. This is additional price of 25¢. You made a profit of $19.90, and it was charged to Mr. Mahew's account?

A This 25¢ would be to pay a spotter we have had to buy these cattle. Many times the organization would hire people in the country to spot these cattle for them, and they would be paid a commission for spotting, and although it does not possibly show there, there was a cheque made out.

[illegible] o this would be under instructions from the supervisor, I wouldn't have done this on my own.

Q Did he always give you instructions as to where the changes were made?

A He always gave me instructions as to how to bill the cattle.

Q And there are other, and I think that [illegible] on will agree [illegible] me, quite a few times were [illegible] 275 added a [illegible] red [illegible]

A Yes.

Q Now, again some are and some are [illegible] Is there any reason for it?

A Yes. Could I go back to the file [illegible] invoices on the shrinks?

Q Yes.

A There were times that the cattle [illegible] sold on the gross weight instead of the shipping weight. And the price the cattle decreased. The total money on the invoice would be the same.

I am looking for 926. It steers. Now, this is not shrink. This is additional price of 25¢. You made a profit of [illegible] .90, and it was charged to Mr. Mahoney's account? That 25¢ would be to pay a supplier we have had to buy those cattle. Mr. [illegible] times the organization would bring [illegible] cattle for [illegible]

Q I was looking at the heifers. Here is a weight of 4755 coming in and 4850 going out, and which I looked up and found to be the gross coming in. And there is a profit there of $20.90?

A Was the price per pound the same?

Q The price per pound, $22.00, both.

A It was the same?

Q Yes. I made sure of the price per pound. I made surethat the price per pound was the same on the ones I looked up.

A I think in most of these cases there is an explanation. I have been away from it so long, and I have had a thousand deals there, and I don't actually remember why. But the policy was, to the members, to generally sell these cattle to them at cost.

Q Let's look at the deals, this deal 924 again. This is one of the big ones. Purchased from Mr. Wilson 165 steers, and Mr. Louis Brandley took 100 of them, and Mr. L. H. Peterson took 64, Mr. Toth took 4. Now, that is not the one. Now, I'm sorry, that is not the one. I don't know whether there was a profit there or not. Yes. I was just wondering why this ---I was just wondering about this, there's a gross profit there of $3,212.00, but I presume maybe the freight would come off that?

A Yes, there would be freight off.

Q How much was that? A lot of money?

A Yes, it would be a lot of money. How many cattle?

I'm looking at the balance. There is a weight on the coming in and 4870 going out, and which, looked found to be the grass coming in. And there is a profit there of $20.00?

A Was the price per pound the same

Q The price per pound, $22.00, but

A -- was the same?

Q Yes. I made sure of the price per pound. I mean sure the price per pound was the same in and out. I look

A I think in most of these cases there is an explan[illegible] I have been away for [illegible] so long, so I ca[illegible] thousand deals there, and I don't pretend[illegible] But the policy was, to the members [illegible] these cattle to turn at home.

Q Let's look at the deals, this year 780 [illegible] one of the big cows. Purchased from M[illegible] and Mr. Louis Bradley took 100 at [illegible], and Mr. Peterson took 64. Mr. John took [illegible] Now. That is not the one. Now, I'm sorry, that is not the one. I don't know whether there was a profit there or not. Yes, I was just wondering why this --I was just wondering about [illegible] nerd's a gross profit there of $3,412.00, but I [illegible] the the freight would come off that?

-- Pearce --

[illegible]

Q 165.

A How big were they?

Q 114,975 pounds.

A Well, they wouldn't be that much, but there would be a lot of freight on them.

Q The next deal is Mr. Wilson. 35 steers sold to Mr. Dusz--- D-u-s-z---on the $5,000.00 purchase, a current profit of $460.00. Is that correct?

A Mr. Wilson was also paid in many cases a buying commission, and this was, as I recall, 25¢ a hundred also. This, of course, would not show there. It would show in payment to him that he was paid a commission.

Q Now, would you look at the other settlement?

A There are cheques and invoices here.

Q What dates?

A September and October, 1963.

Q That is the one we are looking for. Would you look at those settlements?

A There is no settlements here. Just the cheques and invoices.

Q It is the settlements I am interested in. Here are some more. Would you take the settlement box there. Now, I have noticed in going through that, and that is the only one I actually did go through just to see what it was all about, I noticed that very many of the invoices or settlements have weigh slips. Would you look?

A Yes. One right on top here being from Mr. Wilson have

Q How big were those?

A 14¼ 275 pounds.

Q Well, they wouldn't be that much, but there would be a lot of freight on them.

A The next deal is Mr. Wilson. Is there paid to Mr. Wilson---on the $5,000.00 purchase, a current market $4560.00. Is that correct?

A Mr. Wilson was also paid in addition a commission and this was, as I recall, for a worked also that of course, would be know them. It would be to him that he was paid a commission.

Q Now, would you look at the next

A There are changes and involves new

Q What dates?

A September and October, 1967

Q That is the one we are looking for. Would you look at those settlements.

There is no settlements here just the changes and involves. It is the settlements I am interested in. Here are some, Would you take the settlement box there. Now, I noticed in your ledger that, and that is the only I actually did go into it just to see what it was any many of the involves or [illegible] on it

weigh slips on them.

Q Now, whose weigh slip was that?

A These weigh slips were the commission where Mr. Wilson bought the cattle.

Q Go along and get to your own holding pen weigh slips?

A Yes. Here is one.

Q And now what I'm interested in mainly, Mr. Sucher, is the $350,000.00 worth of cattle in that particular bunch of settlements from Mr. Woolley. If you will add all the settlements up from Mr. Woolley you will find that they total approximately $350,000.00. Now, where are the weigh slips?

A Well, this would be---where would he be from?

Q Medicine Hat.

A The weigh slips, we never did receive any actual weigh slips from the cattle to Medicine Hat. The information was written on the cheque voucher, and the cheque is made up in two parts. The information would be written on the cheque voucher.

Q Who would write it on the cheque voucher?

A Generally speaking---In fact I guess always Mr. Nilsson.

Q Mr. Nilsson?

A Yes.

Q And where would he get his information?

A I wouldn't know. I imagine from the cattle down there where they were bought.

_, sign on them.

Now, whose weigh slip was that?

These weigh slips were the commission where Mr. M
bought the cattle.

Q Go along and get to your own building per exact area

A Yes. Here is one

Q And now what's the interested in mainly, Mr. Moon
$250 000.00 worth of cattle ! that partnership bought
settlements from Mr. Woolley If you will add
settlements up from Mr. Woolley you will find the
total approximately $350,000.00. Now, where are
weigh slips?

A Well, this would be---where weigh
Q Medicine Hat.

A The weigh slips we never did receive, actual
slips from the cattle to Medicine Hat. ... Mr
was written on the cheque vouchers, and it usque
up in two parts. The information would be written on the
cheque vouchers.

Who would write it on the cheque vouchers?

-In fact I guess always Mr. Wilson.

Q You were keeping the books at this time?

A Yes.

Q For this organization?

A Yes.

Q Were you not worried about weights? You know feeding is weighed in and weighed out?

A Yes, I was worried in that I didn't have any other voucher because---

Q These other things are automatic, are they not?

A Yes, scale tickets.

Q Yes.

A Yes.

Q And nobody can touch them, and they go through the machine and nobody can change them?

A Yes.

Q Now, this 360,000.00 dollars worth of cattle between September and December, 1963, in which you have not got any way slips---

A I was satisfied for my own system thatthe voucher was made up by somebody else. This satisfied me so that it could not be said that I had made them up. At least I had something to corroborate the figures. But outside of that I hadn't.

Q Was it a very good system? Isn't weight the most important thing in feeding?

A Yes, it is.

For this suggestion?

A Yes.

Q Were you not worried about weights? In that [illegible] weighed in and weighed out?

A Yes. I was worried in that I didn't have an [illegible] because--

Q These other things are incidental. [illegible]

A Yes, maybe [illegible]

Q [illegible]

A Yes.

Q And nobody was [illegible] in [illegible] and nobody can change them?

A Yes.

Q Now, this 250 cc. of boiler water at cost September and November 1951 in which you have not got any way of [illegible]--

I was satisfied for my own system that this counter was made up by somebody else. This satisfied me so that it could not be said that I had made them up. At least I had [illegible] to [illegible] the figures. But outside of [illegible]

Q And if anybody came in and said "where is the weight slip on the cattle I got from Woolley in Medicine Hat?" You had nothing to show him?

A That is correct.

Q I understand that you got into a little business deal but you lost some money?

A That is correct.

Q And I have here your N. A. B. ledger card where you bought $7,400.00 worth of cattle on October the 3rd, and October the 15th, and you sold them on November the 22nd, and you had a loss of $551.81?

A Yes.

Q Is that the one and only time that you ventured?

A No. That is the only account I had there with the organization.

Q That is the only account that you had with the organization?

A Yes.

Q And I notice that you very religously paid it back by monthly installments?

A Thank you.

MR. WEIR:

Q I just have a few questions. Were you supplied with a company car?

A Yes.

Q Was this a new car?

A At first it was, but then the, when the lease expired on

Q And if anybody came in and said there is one weight arm on the cattle I got from Woolley's [illegible] had nothing to show him?

A That is correct.

Q I understand that you got in [illegible] little business you just were among?

That is correct.

Q And I have here your No. A [illegible] on $2,400.00 worth of cattle in the 1970s, and you sold them [illegible] had a loss of $351.812

A Yes.

Is that the one and only time

No. That is the only [illegible] of [illegible] organization.

Q That is the only account in [illegible] on MR. WEEN [illegible]

Yes

Q And I notice that you very religiously paid [illegible] monthly installments?

A That's you.

MR. WEIN:

I [illegible] to a few questions. Were you supplied with a [illegible]

the old car I got the new car. I had it for, I believe, four and one half months.

Q What travelling did you do during that period for the association with that company car?

A I live in Picture Butte and I travelled back and forth to work. I used it to run uptown for business reasons, on business for Central Marketing Business and holding pen business, and I used it to go to the Holding Pens to check on figures and so on and so forth.

Q Were you asked to pay any allowance back to the Association for any personal use that you received from the car?

A No.

THE COURT: I wonder, Mr. Woo, if you would mark that one with the next figure?

EXHIBIT NO. H 7
Holding Pen Settlements.

Q I have another question. I don't know whether you were here yesterday when we discussed Exhibit M 9 in which the last item was an invoice sold to the Holding Pens 397 steers at $53,866.65. Now then, according to this document, they came into your possession. What did you do with them?

A I was instructed I should put them on the inventory of the Holding Pens and hold them there until I had word that they were to be wintered, and to hold them as such. I made out a report to the bank each month showing any

the old car I got the new car. I had it for. I [illegible] four and one half months.

What travelling did you do during [illegible] at period? In association with that company, car?

I live in Pretoria Butte and i travelled back and work. I used it to run upto[illegible] [illegible] business for Central Marketing Board [illegible] business. and I used it to go to the Holding Pons [illegible] check on figures and so on and [illegible]

Q Were you asked to pay any allowance [illegible] to the Association for any personal use [illegible] you receive the car?

A No.

THE COURT: I wonder. [illegible] Wed. [illegible] mark that one with the next item.

I have another question. I don't know where you were here yesterday when we discussed Exhibit 4 in which the last item was an invoice sent to the Holding Pons 392 stands at [illegible]. Now then, according to this document, they come into your possession. What did you [illegible] on the inventory of [illegible] there until I had [illegible]

purchase deposits that were made, and any accounts receivable outstanding, and also I was instructed to that this inventory to the bank.

Q You didn't put that in page 1?

A No. It was strictly on the inventory in our general ledger.

Q Were you there when any deal was made with respect to them?

A No, I wasn't.

Q You don't know anything about it?

A No.

Q Thank you very much.

(WITNESS STANDS DOWN)

(15 MINUTE ADJOURNMENT)

KENNETH HAROLD SMITH. having first been duly sworn, examined by Mr. Weir, testified as follows:

Q What is your name?

A Kenneth Harold Smith.

Q When did you become an employee of Letnbridge Central Feeders Association?

A I think in August, 1961.

Q Of what year?

A August, 1961.

Q 1961?

A Yes.

Q How long did you remain in their employment?

Employee Deposits that were made and are accounts receivable outstanding, and also, was instructed to that this inventory to the book

Q You didn't put that in page

A No. It was strictly on the inventory ledger.

Q Were you there when any deal was made them?

A No; I wasn't.

You don't know anything about

A No.

Q Thank you very much

(WITNESS STANDS DOWN)

(15 MINUTE ADJOURNMENT

KENNETH HAY SMITH,

been duly sworn, examined and testified

Q What is your name?

A Kenneth Harold Smith

Q When did you become an employee of Interstate Natural Feeders Association?

A It was in Aug. 1951.

Q What year?

A Until November, 1963.

Q Did you buy any cattle through the Association?

A On account of myself you mean?

Q Yes.

A I had an H. J. Smith and Son account.

Q And you were the son in that particular account?

A Yes.

Q And this was a regular member's account?

A Yes.

Q You never had a membership taken out yourself?

A No, not myself.

Q Didn't it occur to you that you should have an account of your own?

MR. MOSCOVICH: He said --" I have an account in the name of H. J. Smith and Son."

MR. WEIR: Yes, that is what he said. He was the son.

Q Who applied originally for membership?

A My father.

Q Your father?

A Yes.

Q Now, why did you leave the Association in November, 1963?

A I had a private job offer.

Q Did Mr. Hatch mention anything to you before March 17th, 1964, concerning another cattle business that Mr. Hatch was planning on going into this fall, the fall of 1964?

A [illegible] September 1951.

Q Did you buy any cards through the Associations?

A On account of myself you mean?

Q Yes.

A I had an [illegible] J. Smith [illegible] ion so

Q And you were the gun in that partnership

A Yes.

And this was a regular member's

A Yes.

Q You never had a membership taken

A No, not myself.

Q Didn't it occur to you that you [illegible] 605

of your own?

MR. MOSKOVICH: He said

in the name of M. J. Smith and [illegible]

MR. WHIP: Yes, that is [illegible]

He was the [illegible].

Who applied originally for membership

My father.

Your father?

Yes.

[illegible] did you leave the Association in November, 1951?

[illegible] to job office.

[illegible] to you before March 17th.

In business that Mr. Meyer

A He talked about it.

Q What did he say?

A Well, I don't know the exact words that he said, but just that he was thinking of going into the feeder business.

Q And what else did he say to you in that connection?

A About what?

Q Well, about this feeder business.

A Just that he was going into the feeder business on his own.

MR. PROWSE: Maybe we could put him in the stand so we can hear what he is saying.

THE COURT: If you don't speak louder we will just have to ask you to stand up.

MR. WEIR:

Q What did he say about this particular venture? Did he suggest that he was leaving the Association?

A He was thinking about leaving them in the fall.

Q Mr. Hatch told you that he was thinking of leaving the association this fall?

A Yes.

Q And he told you this before March 17th of this year? Mr. Hatch told you before March 17th, 1964?

A Yes.

Q Was it this year---this spring?

A That he told me?

Q Yes. I thought that is what you said. When did he tell you?

A This was last fall.

talked about it.

Q What did he say?

Well, I don't know the exact words

that he was thinking of going

And what else did he say to you

About what?

Well, about this Feeder Bugle

Just that he was going in.

MR. PROWSE: Pro-

stand so we can hear what he

THE COURT: I

just have to ask you to stand

MR. WEIR:

What did Mr say about this

suggest that he was leaving th

He was thinking about leaving

Mr. Hatch told you that he was

association this fall?

Yes.

And he told you this before March 17th of this

Hatch told you since March 17th, 1964

Q He told you this last fall?

A Yes.

Q Did he mention any other people that he might be bringing in, that he might be asking to join him in this proposed venture of his?

A One of the boys I work with, yes. He said that he might get him to go in. He didn't tell me, but I heard it.

Q Did you know of any people, any other people in the Lethbridge Central Feeders Association that was also planning, or was also mentioned to you by Mr. Hatch as possibly going into this proposed venture with him?

A Not unless it was Don.

Q Did Mr. Hatch mention him specifically?

A I don't remember. He could have.

Q Were you under the impression---Who was this Don that you refer to?

A Don Nilsson.

Q Were you under the impression that Don Nilsson himself was going into this venture?

A No.

Q Why did you mention his name?

A If it was anybody it would be Don. I don't know.

THE COURT: Let's not go on supposition Mr. Weir.

MR. WEIR: Well, there was not a supposition. I wanted to know whether he knew of anyone specifically.

Did you this last fall?

Yes.

Did he mention any other people that he might be bringing in, that he might be asking to join him in this proposed venture of his?

A One of the boys I work with. Yes. He said that he wish get him to go in. He didn't tell me, but I heard it

Q Did you know of any people, any other people in the Lethbridge Central Feeders Association that was also planning, or was also mentioned - from Mr. Hatch possibly going into this proposed venture with him?

Not unless it was Don.

Did Mr. Hatch mention his specifics

I don't remember. He could have

Were you under the impression---Who was this Don that refer to?

A Don Nilsson.

Were you under the impression that Don Nilsson himself was going into this venture?

No.

Why did I mention his name?

I - anybody it would be Don. I don't know.

In - not to on suppose him

[illegible]

[illegible]

[illegible]

That is all.

THE COURT:

Q What were you employed as?

A Field man.

Q Oh, I see. Did you make any inspections, Mr. Smith?

A No, I didn't.

Q What were you doing?

A Just buying cattle.

Q You were buying cattle?

A Yes.

Q For the Association?

A Yes.

Q To put out to feed?

A Yes.

Q All right, that is all. Thank you very much.

(WITNESS STANDS DOWN)

THE COURT: I know we have subpeonaed all the rest of the Board, Mr. Weir, but I am just wondering whether we are going to get any further evidence that we haven't already got, and I was just wondering whether before swearing them whether we should ask them whether they wish to make any further comments. Otherwise we would thank them for coming and send them home. What do you think? I don't see that there is any reason for going through the same questions time after time.

MR. WEIR: I had no intention of it, Your Honour. I was going to have each of the Board Members

What were you employed as?

Field man.

Oh, I see. Did you have any insurance, Mr. Smith?

No, I didn't.

Q What were you doing?

A Just buying cattle

Q You were buying cattle?

A Yes.

For the Association?

Yes.

To put out to feed?

A Yes.

Q All right, that is all. Thank you very much.

(WITNESS STANDS DOWN)

THE COURT: I know we have subpoenaed all the men of the Board, Mr. Weir, but I am just wondering whether we are going to get any further evidence that we haven't already got, and I was just wondering whether perhaps somebody then whether we should ask them whether they [illegible] further comments. Otherwise we [illegible] a road from the home. Both [illegible] there is any reason for [illegible] after the

from here on in just sworn in and asked if they have anything further to state.

THE COURT: I think it would be just as well not to swear them if they don't wish to say something.

MR. WEIR: Whatever you say, Your Honour.

MR. MOSCOVICH: I think bringing too many witnesses to prove one point is like adding a lot of water to whiskey, it makes it weak.

JOHN WILLIAM DYCK, having first been duly affirmed, examined by Mr. Weir, testified as follows:

Q What is your name?

A John William Dyck.

Q I under stand that you were connected with Dyck Construction, is that correct?

A Dyck Brothers Construction.

Q Now, what type of business is Dyck Brothers Construction concerned with?

A Earth moving and construction.

Q And I understand that this is sometimes referred to as land levelling?

A Yes. We also do land levelling.

Q Now, Mr. Dyck, to the best of your knowledge has your company received cheques from Lethbridge Central Feeders Association in connection with land levelling that you did for certain members or a member of the Lethbridge

been on in just enough to and asked if they been anything further to state.

THE COURT: I think it would be not an we not to swear them if don't w an to say

MR. WEIR: Swear you any, Tom

MR. MOSKOVICH: Tom Swing

to prove one point in this mining, just I wa whatever, it makes it weak

WILLIAM

been duly sworn, examined by Mr. testified as follows:

Q What is your name?

A John William Dyck.

Q I under stand that you are employed in tion, is that correct?

A Dyck Concrete Co.

Q Now, what type of business is Dyck Concrete Co connected with?

Earth moving and construction.

And I understand that this is situated relative to us

also do local haulage.

Yes, for the most of you haulage has your

Central Feeders Association?

A Yes, in one instance.

Q In one instance?

A Yes.

Q And how much money was involved?

A The amount was $1,473.93.

Q And this was paid to you by the Lethbridge Central Feeders Association?

A Yes, that is correct.

Q On behalf of a member of that Association?

A Yes.

Q What member was it?

A It was Mr. Paul Gates.

THE COURT:

Q G-a-t-e-s?

A Yes.

Q And when was that?

A I don't know the exact date, but it was in the fall of 1963.

Q The fall of 1963?

A Yes.

Q All right.

MR. LEITCH CROSS EXAMINES THE WITNESS:

Q Was this because you obtained an assignment from Mr. Gates of monies owing to him by the Association?

A Well, when I went and agreed to do the work for Mr. Gates

General Theaters Association?

Yes. In one instance.

In one instance?

A Yes.

Q And how much money was involved

A The amount was $1,493.93

Q And this was paid to you by the Gleaning Cool Associations?

Yes, that is correct.

Q On behalf of a member . that Association?

A Yes.

Q What member was it?

A It was Mr Tsu. Peter

THE COURT:

Q 6-8-1-0-3?

A Yes.

Q And when was that?

A I don't know the exact date, but it was in the fal 1963.

The fall of 1963?

"MATTER SEE NUM

Q Correct?

he told me that the Central Feeders Association would pay the amount asked for.

Q Did you get any documents from Mr. Gates assigning money owing to him by the Association?

THE COURT: Oh, he couldn't do that. 27 or 32,000 dollars owing.

MR. LEITCH: Even so, in the event that cattle were sold I wonder if there was an arrangement that on the sale of cattle that the money would be paid directly by the Feeders Association to Mr. Dyck rather than to Mr. Gates and then to Mr. Dyck.

THE COURT: The cheque was made out to Mr. Dyck.

MR. LEITCH: Yes, but this could have been merely a direction by Mr. Gates to pay to Mr. Dyck money that was to come to him on the sale of cattle. It wouldn't matter what the account stood at at that time.

THE COURT: Well,---

MR. LEITCH: Or he may have arranged for an advance and said -"instead of giving the cheque to me send it to these people."

THE COURT: Well, I presume that certain monies were paid not ---

MR. LEITCH: If Mr. Gates had arranged for an advance to him, or it doesn't matter whom the Association makes the cheque out to.

Q. Do you know that the Central Teachers Association won't pay the amount asked for.

Q. Did you get any documents from Mr. Gates assigning money owing to him by the Association?

THE COURT: Oh, we couldn't do that. It's not documents owing.

MR. LEITCH: Even so, in the event that certain amount I wonder if there was an arrangement that in the sale of cattle that the money would be paid over by the Teachers Association to Mr. Lynk rather than to Mr. Gates and then to Mr. Lynk.

THE COURT: The cheque was made

Lynk.

MR. LEITCH: Yes, but the

merely a Commission by Mr. Gates to pay to Mr. Lynk money that was to come to him on the sale of cattle. I wonder if matter what the account stood at at that time.

THE COURT: Well ---

MR. LEITCH: Or he may have arranged for an advance and said -"Instead of giving the cheque to me send it to whoever people."

Well, I presume that happen

Gates has

THE COURT: Oh, I think if I find evidence of people getting money not for feed it is going to be in my report Mr. Leitch.

MR. LEITCH: Yes, I understand that, but again this may have been---

THE COURT: It may have been arranged between Mr. Hatch and Mr. Gates.

MR. LEITCH: And also it could have been arranged within the normal practice of the association. For example, if a member's cattle is sold the money is then to be paid to the member, but there is no necessity for the cheque to be drawn by the member. The member could say to the association to issue three or four cheques in payment of some of my accounts and pay me the balance. That is what I was endeavoring to find out by my questioning. I am wondering whether that had happened.

THE COURT: The ledger card shows that at that time before the cheque was issued Mr. Gates was indebted to the Association for over $28,000.00.

MR. LEITCH: I don't think this witness can answer. It may be that Mr. Gates will have to tell us.

THE COURT: We will probably hear it from him.

(WITNESS STANDS DOWN)

CALVIN S. BRANDLEY, having first been duly sworn, examined by Mr. Weir, testified as follows:

Oh, I think if I find evidence

people getting money not for feed it is going to

my report Mr. Leitch.

MR. LEITCH: Yes, I understand that, but yes

this may have been---

THE COURT: It may have been arranged perhaps

Mr. Hatch and Mr. Gates.

MR. LEITCH: And yes , would have been

arranged within the normal practice of the association

For example, if a member's cattle is sold the money

then to be paid to the owner but what is , happens

for the charge to be drawn by the member , he means

say to the association , issue three or four cheques

payment of some of my income and pay , the balance

That is what I was observing , find out by my cheque

ionting. I am wondering wh

THE COUR: The leader said proves that at

that time before the dispute was issued Mr Gates was

indebted to the Association for over $36,000.00.

MR. LEITCH: I don't think this witness can

answer. It may be that Mr. Gates will have to tell us.

THE COURT: We will probably hear it from

Q Mr. Brandley, what is your name?

A Calvin S. Brandley.

Q And what is your connection with the Lethbridge Central Feeders Association?

A Well, on August the 23rd the annual meeting of the Lethbridge Central Feeders Association was held, at which time an election of four directors was made at that time, and at the subsequent meeting following I was appointed as, I was elected as President or Chairman of the Association.

Q Would you like to outline to us, Mr. Brandley, some of the efforts that the Board of Directors went through in order to keep the Lethbridge Central Feeders Association alive and a vital part of the community?

A Well, I think that everyone was stunned and shocked at the time as to what had happened. Everybody didn't know exactly. They were completely stunned, and I am sure that this would certainly include the Board of Directors. I am sure that the old ones and the new ones did not realize anything out of the ordinary was going on, in that the size of the association had grown over the years and it certainly helped a lot of people and was doing a lot of good. We are amazed at the people we talked to who were going to suffer a substantial loss and who had said that the association certainly helped them out. With this feeling, and with the support of all the members, we went to see the bank, and the bank had been negotiating

Q. Brandley, what is your name?

A Calvin B. Brandley.

And what is your connection with the Lethbridge Poetry Association?

Well, on August the 23rd via a [illegible] position of the Lethbridge Central Poetry Association was held, at which time election of four directors was made [illegible] subsequent meeting following [illegible] elected as President or Chairman of it [illegible]

Would you like to outline to me, Mr [illegible] efforts that the Board of Directors went [illegible] to keep the Lethbridge Centre, Poetry [illegible] and a vital part of the community?

A Well, I think that everyone was alarmed at the time as to what had happened. Every exactly. They were completely stunned and I am sure the this would certainly include the Board of Directors sure that the old ones and the new ones did not feel anything out of the ordinary was going on, in that the size of the association/had grown over the years and certainly helped a lot of people and was doing a lot of [illegible] We are aware at the people we talked to who were [illegible] vital jobs and was has said that [illegible] [illegible] they

during this period from March 17th to this time.

The bank made a proposal of approximately that they were to stand half the loss if the association would stand the other half. This seemed quite fair, but when it was actually worked out we found that the membership could not go along with such a thing. It was just economically unfeasible for them to do such a thing. So what we decided to do after that was that we had better propose the best deal that we could, not just go and negotiate on it, but actually sit down and work out some sort of a proposition and take it to the bank. We called every member to come in and talk to us, of which the majority did, and we had a proposal, we submitted a proposal for settlement to the Bank. The proposal was not what the bank wanted, but the proposal was on the basis of this is the best that we can do for you. We got a fairly good sign up on our proposition we submitted to the Bank. We got so very near too, I think, although we can't really say because the final result was never obtained, but we came so very close that the bank were even discussing with us as to how much operating capital we would need the next week to carry on.

We did not put much attention into what had gone on. Our situation was that we felt that what had gone on if it was wrong, and we didn't know at that time whether it was wrong, and we still don't, we

ring this period from March 1970 to this time.

line bank made a proposal approximately that they were to stand half the loans the association would stand the other half. This seemed quite fair, but when it was actually worked out we found that the membership could not go along with such a deal it was just economically unfeasible [illegible] thing. So what we decided [illegible] was the had better propose the best deal that [illegible] go and negotiate on it, but actually sit down and work out some sort of a proposal [illegible] the bank. We called every member to come [illegible] the majority did, and we had [illegible] proposal for settlement to [illegible] not what the bank wanted, but the proposal was on basis of this is the best that we [illegible] a fairly good sign up on our proposition we submitted the Bank. We got so very [illegible] I think, although we can't really say because the final result was never obtained, but we came [illegible] very close that the bank were even discussing with us as to how much operating capital we [illegible] the next week to carry on.

We did not put much attention [illegible] that we felt

are still not exactly sure, but we thought that that would be around a year from now. But we thought that if the Association did not start operating immediately that the better members would be financing elsewhere, and we could not carry on. So time was of the essence, and we devoted all our attention, and it included about three meetings a week for it for nearly two months to try and get this association going again. The only thing that spurred us on to do this was the fact that this association was a big association. It had been operating very effectively. There were 170 members, but of the 170 members during the course of its operation they had all received benefits by gross buying and gross selling, and that the operation had run quite effectively even though there were discrepancies, but the operation had run quite effectively and the majority of the members had paid their accounts and acknowledged their indebtedness, and they were all for carrying on. The bank in the last few years had also changed their thinking towards this cattle feeding, but when this association was started, and through much of its lifetime, the banks were very reluctant to go along with the cattle feeding operation. I think that the Association certainly helped out a lot there. The general membership felt that we should try to go if we possibly could, and this we put our best efforts towards.

Q Has a proposal actually been agreed to?

A After two months we were informed that the Bank could not go along with the proposal, and what we had planned, what we had planned in the meantime and ever since May the 17th, and the old Board carried on with it. The nine bad members that really got us into trouble, and I appreciate the conversation going on directly towards what is wrong with the association, the money that has been lost in this little account, or the operating expenses and everything, but it is my humble opinion thatthe thing that broke this association were the nine members that were given credit far exceeding any reason or justification or anything else. The general membership did not get this association into trouble, and they have been acknowledging their indebtedness, and I think this scandal sheet that has been going on lately, I think that it should be corrected accordingly.

THE COURT:

Q Well, Mr.---

A I am sorry, but I feel very badly in that I think, Your Honour that---

Q Mr. Brandley, just a minute. Do you condone the use of other people's money? Do you condone the writing of cheques for personal accounts and using other people's money for that purpose?

A No sir.

Q Don't you think that such things should be brought to light?

that two months we were informed that the Bank could not go along with the proposal, and what we had planned, what we had planned in the meantime and ever since May the 17th, and the old Board carried on with it. The mine had members that really got us into trouble, and I appreciate the conversation going on directly towards what is wrong with the association, the money that has been lost in this little account, or the operating expenses and everything but it is my humble opinion that the thing that broke this association were the nine members that were given credit for exceeding any reason or investigation or anything else. The general membership did not get this association into trouble, and they have been redeeming their indebtedness, and I think this scandal sheet that has been going on lately, I think that should be corrected accordingly.

THE COURT:

Well, Mr.---

I am sorry, but I feel very badly in that I think, Your Honor that---

Brandley: Just a minutes. Do you condone the use of people's money: Do you condone the waiting of persons

A Yes sir, and I am very much for this investigation. I am sorry about some of the outcroppings which I realize cannot be helped. I think if a wrong has been done that that person should certainly be brought to task about it. What I am sorry about is the attitude of the general public to this. I think, sir, that your final opinion will be anti-climax. I think that the climax is being reached every day through our news media in that everybody is forming opinions on the thing, and any name that is mentioned they are immediately branded with something gone wrong. All I want to say is that we have a lot of membership who paid their indebtedness. I would like you to know that I owed $24,000.00 at the time, and that that $24,000.00 was paid off, and because of this misfortune I have also been penalized another $2,400.00 which has also been paid off. And then the membership and my 10%.

Now, I should go on. Basically, after the bank informed us that this was turned down, that they couldn't go along then we worked out the best manner that we could with the bank as to how to determine the loss that each member should suffer, because under the general agreement there was a guarantee. There was some doubt as to just exactly the particular terms as to what the particular figures would be, and we worked out a settlement as a Board as best we could with the Bank, we proposed it to the members, not that we think that you

should accept it, but we worked it out with the members by saying that this is the best proposition we can work out for you and if you would like to accept it, it would be acceptable to the bank, and if you would not that is up to you.

Q And what was that settlement?

A The settlement is that they originally paid a $500.00 membership, and that membership would be lost. But they also built up a reserve account. Now, this reserve is that each member as cattle were sold, a percentage was taken off each cattle sale and this was put in a reserve account, and the reserve account we believed, was set up to counter if any particular member could not make his obligation whether because of the failing cattle or a high death loss or something and that the cattle would not cover his original indebtedness for him, then this would be applied towards it. Now, this was subsequently, we understand, sometime before March 17th, this was hypothicated to the Imperial Bank of Commerce by the President and the Secretary. They agreed that whether they had a good hypothication or not that they would release those reserves and that they would be applied towards a person's indebtedness. That was fixed on 10% of the sum owing as of the date of March 17th, 1964.

Q In other words if a member owed a high amount on that date it would be called on 10%?

annual report is, but we worked it out with the members by saying that this is the best proposition we can work out for you and if you would like to accept it, it can be deposited to the bank, and if you would not like it up to you.

And what was that settlement?

The settlement is that they originally paid a 350.00 membership, and that membership took a seat. He also built up a reserve account. Now, this reserve is that each member as cattle were sold, a percentage was taken off each cattle sale and this was put in a reserve account, and the reserve account we believed was set up to cover if any particular member could not make his obligation whether because of the fire or... or a risk loss of something and that the cattle would not make original indebtedness for him. We also could supplied towards it. Now, this was subsequently, we longer stand. Sometime before March 17th, this was hypothecated to the Imperial Bank of Commerce by the President and the Secretary. They agreed that whatever they had a and hypothecation or not that they would release those reserves and that they would be applied towards a person's [illegible] was fixed on 3% of the sum owing on [illegible] 17th loan.

A Yes.

Q What if he didn't owe anything?

A There was no call made upon him, and his reserve released less the $500.00. We all lost the $500.00 membership.

Q The settlement would be sort of luck as to how much an individual member paid?

A Yes. If you will realize during March that is the high feeding period of the year, and we can say that the majority were feeding during that period, but there were some that were not feeding.

Q And that is the way that the matter stands now, the association is being wound up and the money being secured to the best of the ability of the bank?

A Yes.

Q As the cattle are sold?

A Yes. Since March 17th there is over a million dollars has been brought in by Lethbridge Central Feeders Association by the orderly marketing of these cattle.

Q How much is still owing outside of this?

A Approximately $ 1,200,000.00.

Q Altogether or---

A I am not the accountant, but that is my understanding that approximately that much is still owing. But there are cattle. There is a second problem that arose here that this was originally a cattle feeding proposition, but I think during the year of the foot and mouth disease many

people found that possibly one of the surest ways of making money was in the cow-calf proposition, and during the course of the years Mr. Hatch let cattle out, cows and calves. Now, if these people at this time were required to sell these cattle, the market is depressed right now in the feed mills, but it is a long term proposition. They were given five years to work out their indebtedness. They were given five years by Mr. Hatch at the time that he entered into it. Actually these cattle could be demanded to be sold immediately. The bank have considered the situation and in working with the Board have agreed to give them time to work this out.

Q What arrangements have been made---Someone phoned me up this morning as a matter of fact---what arrangements were made for carrying on the operating expenses?

A This is a peculiar situation in that the association has been bankrupt since March the 17th. We only have one creditor, and that is the bank. The bank have, we have been out working operating on an overdraft. But the membership felt an obligation to the Bank. They felt very bad that this situation went on, and the majority of them knew nothing about it. They thought that everything was quite in order, that everybody was living up to their obligations, so we feel quite a responsibility to the bank to do our very best to work this out, and this is what we have been doing since March the 17th.

I think possibly one of the surest ways of
was in the co-operative proposition, and due to
of the years Mr. Hetch let cattle out, cows and
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p felt an obligation to the Bank. They felt
there was a situation went on, and the mortgage of
that everything
was living up to
ponsibility to
and the

Q Who is paying the expenses?

A The Canadian Imperial Bank of Commerce.

Q As far as you know they still continue to do so until they decide to close the plant?

A It is an orderly arrangement we are trying to work things out the best way we can, but it will eventually be worked out until their are no assets left and then it will go into bankruptcy.

Q Any questions from anybody?

MR. WEIR: No sir.

THE COURT: Thank you very much.

(WITNESS STANDS DOWN)

THE COURT: That completes the evidence to be taken this week. And as Mr. Brandley has said, people should not pre-judge cases. You should wait until you hear all sides. You should wait until you hear all the evidence before you make up your mind. Certainly that is my duty to do so. One tale told is good until another tale is told, which is an old statement said to me by Chief Judge Feir the other day. We are always on guard to endeavor to keep our minds open until we hear all the evidence.

Now, I realize as much as the last witness Mr. Brandley, that it is most unfortunate that we should have to use names, but that is not my prerogative. The Government of this Province issued an Order In Council

[illegible] expenses?

The case [illegible] Imperial Bank of Commerce

As far as you know they still continue to do so [illegible]?

Decide to close the plant?

It is an orderly arrangement we are trying to work this out the best way we can, but it will eventually be worn out until there are no assets left and then it will go into bankruptcy.

Any questions from anybody?

MR. WEIR: No sir

THE COURT: Thank you very much

(WITNESS STANDS DOWN)

THE COURT: That completes the evidence [illegible] be taken this week. And as Mr. Brandley has said, [illegible] should not pre-judge cases. You should wait until hear all sides. You should wait until you hear all the evidence before you make up your mind. Certainly was my duty to do so. One judge told is good until another [illegible] told, which is an old statement said to me by Chief Justice Farris. Other day. We are always on guard to endeavor to [illegible] out minds open until we hear all the

signed under the name of the Premier, as Attorney General of this Province, and he directed me to conduct a public inquiry. Not to conduct an inquiry in secret, but to conduct a public inquiry, and that is what my orders were and that is what I must do.

I conducted an inquiry several years ago and it was most unfortunate that certain people even lost their jobs as a result of the inquiry, and they never would have if the inquiry had not occurred. But, as I say, it is most unfortunate that in the next two weeks, that is between the 4th of January and the 15th, we will be asking these nine,or fifteen people,whose names are connected with the very large amounts,how it came about. At the moment I still do not know how the $600,000.00 of the $800,000.00 was lost. I now know that $20,000.00 was lost, another $20,000.00 was lost, and I know how this occurred, but I'm still not able to tell the Government how about $600,000.00 of this loss occurred, and until I talk to these people and go through the vouchers with them and the cheques and the selling orders and buying orders and chart them out, only then will I be able to make up my mind as to what occured. Now, I would ask you all to keep an open mind until we do hear all the evidence, and I would ask the press to do the same. This is not a trial. Nobody is being tried in this case. All we are trying to do is to find out what happened,

and if possible try to find out why it happened.

We will adjourn until 10 o'clock on January 4th, 1965.

(HEARING ADJOURNED AT 12:10 P.M. UNTIL 10:00 A.M. JANUARY 4th, 1965)

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